Unemployment Insurance Review

April 1964

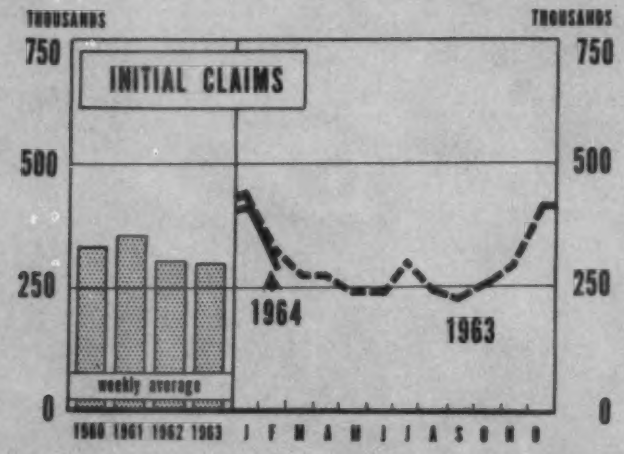
Research—Aid to UI Policy Making

Adequacy of Weekly Benefit Amount
Claimant Characteristics in Idaho
Pregnant Women Claimants in New York
Profiles of the Long-Term Unemployed
Qualifying Requirements in Oregon
Unemployment Insurance Coverage

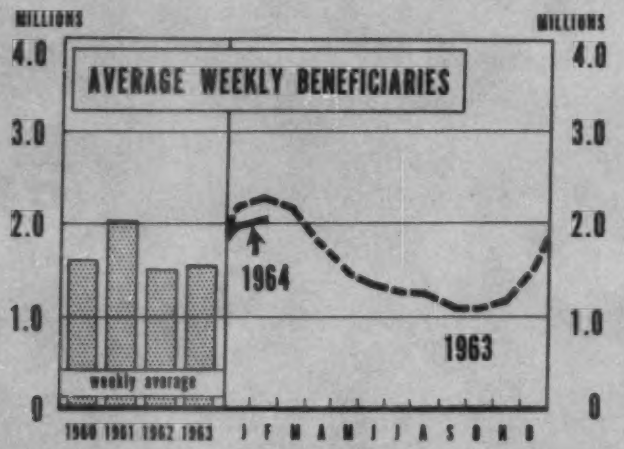
UNITED STATES DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

UNEMPLOYMENT INSURANCE ACTIVITIES

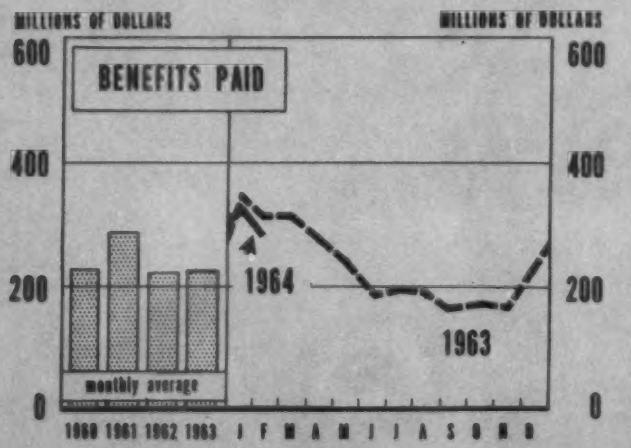
UNDER STATE PROGRAMS



Initial claims from the insured unemployed declined more than seasonally from January to a weekly average of 291,000 in February—a 7-year low for that month. The over-the-month reduction (29 percent) in initial claims reflected improvement in construction and other outdoor work and fewer layoffs in the apparel and leather industries.



Two million beneficiaries per week received payments under State unemployment insurance programs in February—about the same as in January but 11 percent below the February 1963 average.



Jobless workers covered under regular State unemployment insurance programs received benefit checks totaling $284 million in February. This was about $36 million less than in January and $29 million below the year-earlier amount.

Unemployment Insurance Review

April 1964
Vol. 1 No. 4

U.S. DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary

MANPOWER ADMINISTRATION
John C. Donovan, Administrator

BUREAU OF EMPLOYMENT SECURITY
Robert C. Goodwin, Administrator

UNEMPLOYMENT INSURANCE SERVICE
William U. Norwood, Jr., Director

CONTENTS

SPECIAL ARTICLES

Research—Aid to UI Policy Making

Pregnant Women as UI Claimants in New York State ---- 1
When Is a Weekly Benefit Amount Adequate ---- 5
Oregon's Research Into Qualifying Requirements ---- 10
Profiles of the Long-Term Unemployed ---- 14
Idaho Studies Claimant Characteristics ---- 20
Research in UI Coverage ---- 23

STUDIES AND REPORTS

Appraisal of State UI Reserve Funds ---- 28

DEPARTMENTS

The UIS Director Comments ---- ii
Issues Reflected in Recent Appeals Decisions ---- 34
Unemployment Insurance Decisions ---- 37
Trends in the Economy ---- 38
Unemployment Insurance Activities ---- 42

Summary Statistics:

Tabulations ---- 45
Charts ---- Cover 2
Maps ---- 40

The *Unemployment Insurance Review* is published by the Unemployment Insurance Service of the Bureau of Employment Security with the cooperation of the State employment security agencies and is distributed without charge to personnel of the National and State employment security offices. It is also for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Subscription price per year—$3 domestic; $4 foreign. Price 30 cents a copy.

Subscribers should remit directly to the Superintendent of Documents, U. S. Government Printing Office, Washington, D.C., 20402.

Communications regarding editorial matters should be addressed to *Unemployment Insurance Review*, Unemployment Insurance Service, Bureau of Employment Security, U.S. Department of Labor, Washington, D.C., 20210.

Opinions of authors not connected with the Bureau of Employment Security are their own and do not necessarily reflect the views of the *Unemployment Insurance Review* or of the Bureau of Employment Security.

Use of funds for printing this publication approved by the Director of the Bureau of the Budget, January 10, 1964.

The UIS Director Comments

RESEARCH—the careful, critical, and exhaustive investigation to uncover new facts—is a fundamental tool in every field of human endeavor. It is not possible to conduct an activity intelligently and efficiently without pertinent research, and analysis and interpretation of its results.

In the field of unemployment insurance, a considerable amount of information has been accumulated as an administrative byproduct during the 25 years of the program's operation. The States have compiled data that show, for example, the number of claimants who have received benefits, the duration and weekly amounts of the benefits, and the number of claimants who have exhausted all of their entitlement. These data must be utilized intensively in the future, not only as administrative statistics but as tools of analysis to evaluate the workings of unemployment insurance and as a guide in policy formation. Similarly, data have been accumulated on financing and administrative aspects of the program.

But more and different kinds of information are also needed for an evaluation of the program in depth—an evaluation to determine whether program goals need to be readjusted to meet the challenging dynamics of our economy and the needs of today's workers.

Research in unemployment insurance must be comprehensive and continuing. The program has many facets, all of which we need to evaluate constantly—the adequacy of its benefit and eligibility provisions, the strengths and weaknesses of its financing, the effectiveness of its administration. Because unemployment insurance operates in the context of a highly dynamic economy, new situations call for new judgments about its proper role.

The Bureau has encouraged the States to broaden their research, and has provided technical advice and assistance. The largest research project, in which all of the States participated, was conducted under provisions of the Temporary Extended Unemployment Compensation Act of 1961. The Congress directed that a study be made of the family characteristics of the long-term unemployed who had exhausted all their State or other UI benefits, and who thus became eligible for an extension of up to 13 weeks of benefits under the terms of the Act. Information obtained about the age, sex, occupation, industry, family status, educational attainment, and past work history have helped to lay a solid factual foundation for understanding the nature of the long-term unemployment problem and the program's role in relation to that problem.

Facts from the TEUC and other recent studies have focused attention on the "why" of unemployment. It becomes increasingly important to know the circumstances of the claimant's separation and continued unemployment, to distinguish as early as possible between those whose separation from their jobs is clearly temporary and those who are permanently dislocated. Research into this area could indicate the nature of the task of early identification of claimants' problems, and could point the way to solutions through the unemployment insurance program functioning in harmony with training and counseling efforts.

The sharp and unanticipated rise in recent years in the volume and rate of nonmonetary determinations draws attention to another area that demands research. Despite the availability of considerable information about nonmonetary determinations, the reasons for the new trends are not clear. Nor is it clear that we are obtaining all the data necessary to understand the changes that have been taking place. Not only do we appear to lack necessary information but we also obviously need a great deal of careful analysis of developments in nonmonetary determinations. Without serious and intensive efforts in these directions, administration and policy decisions in this area will continue to be handicapped.

And, finally, has the direction of the program changed from what was first considered a way of replacing part of the worker's wage loss, and of helping to restore community purchasing power, to a larger concept in which the program has a vital role to play in the Nation's total economy and its manpower policy? Research is needed to provide information about the program's relationships to the income maintenance features of the Manpower Development and Training Act, the Area Redevelopment Act, the Trade Expansion Act, and similar programs which may be established in the future.

Research—Aid to UI Policy Making

The six articles that follow report on some of the significant research that has been undertaken to develop facts needed to answer key policy questions in the unemployment insurance program.

Pregnant Women as UI Claimants in New York State

*Ruth Entes and Albert Ross**

UNDER the New York State unemployment insurance law, a pregnant woman is eligible for unemployment benefits if she can meet the qualifying conditions prescribed for all benefit claimants. In administering the law, the unemployment insurance offices examine rigorously the eligibility of pregnant women claimants. Despite this administrative safeguard, questions are raised from time to time as to the propriety of paying unemployment benefits to pregnant women. For example:

How many pregnant women who lose their jobs apply for unemployment insurance?

Why are they unemployed?

How many qualify for benefits?

How many are disqualified? Who are they?

Are they really "ready, willing, and able to work"? Do they get work?

How long do they collect? How much does it cost?

To answer these questions and to provide perspective on the participation of pregnant women claimants in the unemployment insurance system, a special survey was made of the unemployment insurance histories of 7,749 pregnant women—the total number who claimed unemployment insurance benefits in the second half of 1960. Information was obtained on their work background, their benefit experience during pregnancy, and their work status after childbirth. The survey terminated late in 1961.

*Research and Statistics Office, New York State Division of Employment.

Survey Highlights

Relatively few pregnant women workers in New York who left or lost their jobs filed claims for unemployment benefits; an estimated one out of eight in 1960.

Pregnant women are a small proportion of the claimant population. About 12,000 pregnant women filed new claims for benefits in 1960 and they represented approximately 1 percent of all new claimants in New York State.

Benefit payments to pregnant women amounted to an estimated $2.8 million in 1960, less than 1 percent of all benefit payments in the State.

Few pregnant women claimants quit their jobs. Eight of every 10 claimants in the survey—and 9 of every 10 who became beneficiaries—had been laid off. Most reported that they had been laid off because of lack of work. However, about a fourth of the women in the survey reported that they had been laid off because of company restrictions on the employment of pregnant women. This policy affected clerical workers to a greater extent than others.

A substantial proportion of pregnant women claimants (30 percent) did not receive any benefits; their claims were ruled invalid at the start. This was true of 67 percent of the pregnant women in the survey who had quit their jobs and 22 percent of those laid off.

The majority of those initially held eligible for benefits are disqualified at some later date.

Nonentitlement and disqualification rates are considerably higher for pregnant women than for claimants as a whole.

Three-fifths of the survey claimants were disqualified for receipt of benefits at some stage of pregnancy and in most cases the disqualification terminated benefits for the remaining period of pregnancy. More than 90 percent of the women who were disqualified were found unavailable for or incapable of

employment. Most often, these women were unable to prove that they were genuinely searching for work, or they set unreasonable restrictions as to the kind of work they would accept. Other reasons for disqualifying beneficiaries included refusal of a suitable job, quitting employment accepted after the start of the benefit year, or failure to meet reporting requirements.

Pregnant women claimants differ considerably from other women claimants in New York State as to age, occupation, and industry attachment. They are younger, relatively more have been white-collar workers, and relatively few were employed in the apparel industry.

White-collar workers made up about half of the pregnant women in the survey. Among women claimants as a whole, one-fourth are white-collar workers.

Pregnant women claimants who lost their jobs because of lack of work differed in several aspects from other women in the survey. The lack-of-work group consisted of relatively more women over 25 years of age and relatively more women with children than other survey claimants. Also, this group's occupation and industry background were more similar to that of women in the claimant population as a whole.

More than half of the beneficiaries had had 1 to 4 years' work experience and another one-third had had 5 years' or more work experience.

About 40 percent of the pregnant beneficiaries had one or more children.

Ninety percent of the beneficiaries with children had received no benefits during their last pregnancy.

Fifteen percent of the pregnant women said they were the primary family breadwinner.

Pregnant women most often filed their first claim for benefits between the fourth and seventh month of their pregnancy.

Of the women who became beneficiaries, 37 percent received their last payment before the eighth month of pregnancy, 40 percent received benefits until some time in the eighth month, and 23 percent until some time in the ninth month.

At least one-sixth of the beneficiaries obtained employment between the beginning of their benefit year and childbirth—more than 40 percent of them for 14 weeks or longer. It is not known how much of this reemployment occurred during pregnancy.

Beneficiaries received, on the average, 11.3 weeks of benefits while they were pregnant. Women who began qualifying for benefits early in their pregnancy drew benefits considerably longer than women who first registered in the later months of pregnancy. Women who filed their first claim in the third month of pregnancy drew benefits for an average of 16 weeks, whereas those who first filed in the sixth month received 9 weeks of benefits. (The maximum duration under New York's law is 26 weeks.)

Within 3 months after the end of pregnancy, 14 percent of the women were back at work, 20 percent more had refiled for benefits, 43 percent expected to return to work, and 23 percent had withdrawn from the labor market.

Survey Method

Group studied.—When unemployed workers in New York State file an original or additional claim for unemployment insurance benefits, they must answer a questionnaire which is used as an aid in determining eligibility for benefits. Beginning July 1960, a revised questionnaire included the inquiry, "Are you pregnant?" Women who are pregnant when they file an original or additional claim are identified in this way. Women who become pregnant in a period of continued-claim filing are identified by voluntary declaration or intensive interview.

The survey covered all claimants in the period June 27–December 31, 1960, who were known to be pregnant—a total of 7,749 women. In the starting week of the survey all women claimants, including those who filed continued claims, were required to complete a form containing the question, "Are you pregnant?" Thereafter, all women who filed original or additional claims were required to answer the pregnancy inquiry that had been added to the standard questionnaire. Women who became pregnant after filing an original or additional claim but who were not identified as pregnant in a period of continued-claim filing between July and December 1960 were not included in the survey.

Of the 7,749 survey claimants, 4,349 filed an original claim during the 6 months, July–December 1960. The remaining 3,400 had filed an original claim for benefits before July 1960 and filed a further claim for benefits at some time between July and December 1960. Among the survey group, 6,127 women drew one or more benefit payments during pregnancy.

Source of data.—Information for the study was obtained from local office insurance records and from three special questionnaires filled out for

each pregnant woman claimant. The first special questionnaire (Form LO 341) was completed by the unemployment insurance office claims examiner immediately after a claimant was identified as pregnant. The second special questionnaire (Form LO 344) was completed by unemployment insurance office staff in the month following the expected date of childbirth for each pregnant claimant.

About 6 weeks after the expected date of childbirth, the third special questionnaire (Form RS 414), a mail inquiry concerning labor market status, was sent to 6,526 women who had not refiled for benefits after childbirth (1,223 women had refiled). Replies were received from 4,700 women. Followup telephone calls were made to a stratified sample of 176 out of the 1,826 nonrespondents. The replies of this sample as to labor market status were similar to those received on the mail questionnaires. It was assumed that other nonrespondents, if reached, would have replied similarly. In all, information on benefit and work status after childbirth was obtained for a total of 6,099 women.

Selection period for survey group.—The survey selection period was the 6 months, July–December 1960, during which pregnant women claimants were identified among all persons filing claims at local offices and were flagged for inclusion in the survey.

Data collection period.—Information obtained

by the survey spanned a longer calendar period than the 6 months, July–December 1960, during which the survey population was first identified.

Survey data on benefit experience covered the experience of each claimant from the start of her individual benefit year up to childbirth. In New York State each claimant who files a valid original claim establishes an individual benefit year of 52 weeks beginning with the week following the original claim filing. The benefit year of most survey claimants ended in 1961.

Reasons for unemployment.—The reasons for job separation are those which survey claimants reported to unemployment insurance claims examiners in response to the inquiry on the special questionnaire (Form LO 341). Information concern-

TABLE 1.—PREGNANT WOMEN AMONG UNEMPLOYMENT INSURANCE CLAIMANTS AND IN THE LABOR FORCE, NEW YORK STATE, 1960

Item	
1. Pregnant women in survey (i.e., number filing any type of claim for benefits in July–December 1960)	7,749
2. Filed original claims in July–December 1960	4,349
3. Filed original claims in January–June 1960	3,058
4. Filed original claims before January 1960	342
5. Estimated number of pregnant women who filed original claims in 1960	12,000
6. As percent of estimated 1.1 million persons who filed original claims in 1960 (item 5+1.1 million)	1.1 percent
7. Women in labor force, 1960	2.4 million
8. Pregnant women workers who leave jobs annually as percent of all women with jobs[1]	4.0 percent
9. Estimated number of pregnant women workers who left jobs in year (item 8 times item 7)	96,000
10. Percent who filed claims for benefits (item 5+item 9)	12.0 percent
Benefit payments to pregnant women in survey:	
11. From start of benefit year to end of pregnancy	$2.3 million
12. In 2d half of 1960	$1.3 million
13. As percent of benefits paid to all claimants in 2d half of 1960 (item 12+$182 million total of benefit payments in 2d half of 1960)	0.7 percent
14. Estimated total benefits paid in 1960 to women beneficiaries during pregnancy (item 13 times $399 million total benefit payments in 1960)	$2.8 million

[1] Based on estimate for United States in *Maternity Benefit Provisions for Employed Women, 1960*, Women's Bureau, U.S. Department of Labor (p. 2).

TABLE 2.—SUMMARY: PREGNANT WOMEN AS UNEMPLOYMENT INSURANCE CLAIMANTS, NEW YORK STATE, JULY–DECEMBER 1960

Pregnant women claimants in survey, total number	7,749
Nonentitled claimants, estimated rate [1]	30 percent
Benefit experience:	
Survey claimants who received benefits	6,127
Disqualified beneficiaries, rate	59 percent
Amount received from original claim to childbirth, total	$2,299,000
Prior to pregnancy	165,000
During pregnancy	2,134,000
Average benefit duration from—	
Original claim to childbirth	12.2 weeks
Start of pregnancy to childbirth	11.3 weeks
4th month of pregnancy to childbirth	10.4 weeks
Average weekly payment	$30.75

	Number	Percent
Occupation, total beneficiaries	6,127	100
Professional	167	3
Clerical	2,609	42
Sales	217	4
Service	406	7
Skilled	111	2
Semiskilled	1,297	21
Unskilled	1,297	21
Unknown	23	(2)
Reason for unemployment:		
Total beneficiaries	6,127	100
Voluntary quit	726	12
Involuntary separation	5,401	88
Company policy	1,637	27
Lack of work	2,901	47
Other	863	14
Month of pregnancy in which benefits were received, total	$2,299,000	-----
Prior to pregnancy	165,000	-----
During pregnancy, total	2,134,000	100
1st–3d month	175,000	8
4th month	204,000	10
5th month	323,000	15
6th month	451,000	21
7th month	536,000	25
8th month	379,000	18
9th month	66,000	3
Month of pregnancy at original claim date, total beneficiaries	6,127	100
Not pregnant	879	14
1st–3d month	1,315	23
4th month	712	11
5th month	822	13
6th month	976	16
7th month	944	15
8th or 9th month	479	8
Month of pregnancy at last benefit payment, total beneficiaries	6,127	100
1st–3d month	127	2
4th month	155	3
5th month	315	5
6th month	582	9
7th month	1,077	18
8th month	2,431	40
9th month	1,440	23
Work status 3 months after childbirth, total respondents	6,099	100
Returned to work	849	14
Refiled for benefits	1,223	20
Expected to return to work	2,597	43
Withdrew from labor market	1,430	23

[1] Nonentitlement refers to invalidation of original claim.
[2] Less than 0.5 percent.

ing reason for job separation is obtained regularly by mail from the last employer of every new claimant for unemployment insurance benefits. In the case of a survey claimant who was allowed benefits, it is presumed that information received from the claimant's employer as to reason for job separation supported that given by the claimant. However, in the case of a claimant who was denied benefits, information received from the employer may have invalidated the reason given by the claimant.

Most of the information relating to reason for job separation refers to the last job that women in the survey had before they filed their original claim for benefits. However, for women who filed a first claim before pregnancy or in an early stage of pregnancy, information about job separation generally refers to a later job (and a second spell of unemployment) after the original claim.

Date of childbirth and month of pregnancy.—Claimants in the survey reported the expected date of childbirth to unemployment insurance claims examiners during the interview which was held to complete the first special questionnaire (Form LO 341). This expected date of childbirth was used as the basis for calculating for each claimant the month of pregnancy in which she filed her original claim and, if she received benefits, the month of pregnancy in which she received her last payment.

Many women, however, and the statements from their doctors as well, reported only the month within which confinement was expected rather than a precise date. For these cases, the estimated stage of pregnancy, at time of original claim or at last benefit payment, may be in error by 1 month.

Basis of Estimates

Pregnant women claimants.—The proportion of pregnant women claimants in the total unemployment insurance claimant population can be measured approximately, on an annual basis, by taking the number of pregnant women who file an original claim in a given 12-month period as a percent of all persons who file an original claim in that period. (See table 1, item 5.) The entire benefit year of claimants must be taken into account; in this way the count of pregnant women claimants will include, as it should, women who file an original claim within the given period but who are first identified as pregnant later in their benefit year. Thus, the estimate for pregnant women who filed an original claim in 1960 covers all women who filed an original claim in 1960 and were pregnant at the time of their original claim, or became pregnant subsequently during their benefit year, and were so identified in connection with the filing of an additional or continued claim. The method of obtaining the 12,000 annual estimate of pregnant women claimants, described briefly, was as follows:

1. The survey count of pregnant women who filed an original claim in July–December 1960 was adjusted upward to include those who filed an original claim in July–December 1960 but who were first identified as pregnant during a period of claim filing in 1961, within the benefit year established by that claim. This adjustment was based in part on information that was available for survey claimants who had filed their original claim in the first half of 1960.

2. The adjusted half-year count was doubled, to represent the 1960 annual figure.

All claimants.—The estimate of the number of different persons who filed an original claim in 1960 was based on the records of a 10-percent sample of new claimants maintained annually in New York State. (See table 1, item 6.)

Nonentitlement rate.—During the 6 months July–December 1960, 7,749 pregnant women filed one or more weekly claims for benefits at unemployment insurance offices in New York. (See table 2, line 2.) Of the total, 4,349 filed an original claim to begin a benefit year in this period, and 1,306, or 30 percent, were held not entitled to benefits at the time of their first claim and received no benefits. No record was available for pregnant women who filed an original claim in the first half of 1960 unless they also filed a claim at some time in the second half of 1960. It was assumed that the 30-percent rate of nonentitlement or invalidation of original claims for the half year July–December 1960 was representative for the entire year with respect to pregnant women claimants.

When Is a Weekly Benefit Amount Adequate?

*Morris Sackman**

". . . to determine an adequate weekly benefit amount, we need . . ."

THERE is a need under any insurance program to review its objectives periodically and to evaluate the adequacy of the benefit structure in meeting those objectives.

Personal insurance programs providing income-loss protection in the event of death, accident, illness, or other personal catastrophe give the covered individual an opportunity to establish his own program objectives, and to review them as his circumstances or the dollar value of the insured risk changes. They also enable him to revise this benefit structure to assure the adequacy of those objectives.

This need for review exists also in a social insurance program. While the covered individual can assess the program's objectives from his own point of view, he cannot effectuate directly a change in the benefit structure to accomplish his own objectives. Because the individual cannot do this and because of rapid increases in the level of the covered risk—average weekly wages—over relatively short periods of time, those administering the program have the responsibility to conduct this review for all covered individuals. As a result, constant and extensive review of the weekly benefit amount, the method of determining it, and

*Office of Program Development and Legislation, Unemployment Insurance Service, Bureau of Employment Security.

its adequacy are necessary to ascertain that it meets program objectives.

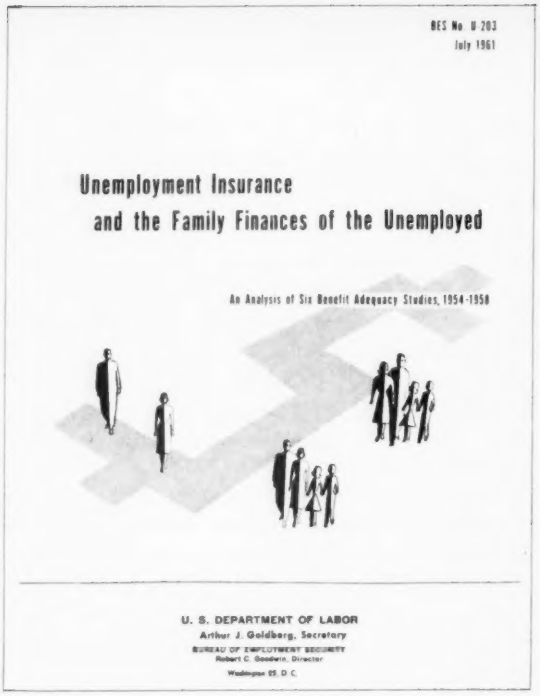
Since the beginning of unemployment insurance in the United States, it has been generaly accepted that the weekly benefit amount is intended to tide a worker over during a period of involuntary unemployment. The weekly benefit amount should be large enough to defray his nondeferrable expenses—such as food, shelter, clothing, and medical care—during periods of temporary unemployment. It should be large enough that the claimant would not need to receive public assistance or to reduce substantially his level of living; however, it should not be so high as to affect adversely his incentive to return to work. If these are the three criteria of an adequate weekly benefit amount, there must be some consensus regarding the standards against which their achievement is to be measured.

Meeting Nondeferrable Expenses

The effort to determine the expenditures people make has been going on since 1909, when the first family budget study was initiated by the Bureau of Labor Statistics. From a series of such studies undertaken over the past half century, a general understanding has developed that there are certain family expenditures that must always be made. These items include food and shelter (housing and utilities), and probably also clothing and medical care which, together, constitute the nondeferrable living expenses of the family or individual. The amounts of such expenses may vary among different income groups, but cannot fall below prescribed minimum levels without risk to the health and welfare of the family or individual. Consequently, outlays for these items are likely to remain fairly stable during periods of both employment and unemployment.

Between 1954 and 1958, seven benefit adequacy studies were undertaken in response to the adoption by the Federal Advisory Council on Employment Security of a report made by its Committee on Benefit Adequacy, dated April 9, 1953. The report's objective was ". . . to find out more about how the unemployed worker is getting along on his benefits. . . . This objective implies an examination of the role of unemployment insurance in the total income and resources available to claimants; an estimate of the adjustments that beneficiaries make while receiving benefits. . . ."

Results of the first six studies were published


BES No. U-203
July 1961

Unemployment Insurance
and the Family Finances of the Unemployed

An Analysis of Six Benefit Adequacy Studies, 1954-1958

U. S. DEPARTMENT OF LABOR
Arthur J. Goldberg, Secretary
BUREAU OF EMPLOYMENT SECURITY
Robert C. Goodwin, Director
Washington 25, D. C.

in 1961.[1] These studies afforded an opportunity to test several hypotheses concerning what constitutes nondeferrable expenses by throwing some light on the expenditure patterns of claimants before and during unemployment. Since this discussion is concerned with the availability and usefulness of information relating to the adequacy of the weekly benefit amount, particularly as it applies to claimants who have responsibilities for individual or family maintenance, data are presented for single and head of four-person-household claimants only.

Considering all six studies, there appears to be little appreciable difference, for both single and head of four-person-household claimants, in the distribution of expenditures for nondeferrable and deferrable items before and during unemployment (table 1). Slight differences that did occur were in the direction of increasing the proportion spent for nondeferrable items during unemployment. A higher proportion of expenditures was made for nondeferrable items by head of four-person-household claimants than by single claimants, particularly during unemployment.

[1] *Unemployment Insurance and the Family Finances, An Analysis of Six Benefit Studies, 1954–1958*, U.S. Department of Labor, Bureau of Employment Security, No. U–203, July 1961.

TABLE 1.—NONDEFERRABLE EXPENDITURES[1] AS A PERCENT OF MONTHLY CASH OUTLAYS, BEFORE AND DURING UNEMPLOYMENT, BY TYPE OF CLAIMANT

Type of claimant	Survey area					
	Pittsburgh, Pa.	Tampa-St. Petersburg, Fla.	Anderson-Greenville-Spartanburg, S.C.	Albany-Schenectady-Troy, N.Y.	Portland, Oreg.	St. Louis, Mo.
Single claimants						
Nondeferrable expenditures as percent of average monthly cash outlays:						
Before unemployment	62	65	60	62	62	56
During unemployment	67	66	65	[2] 55	63	56
Percent reduction in total expenditures from employment to unemployment	23	7	16	[2] +6	14	17
Head of 4-person-household claimants						
Nondeferrable expenditures as percent of average monthly cash outlays:						
Before unemployment	56	67	58	62	60	59
During unemployment	67	66	60	64	60	62
Percent reduction in total expenditures from employment to unemployment	22	4	10	10	22	20

[1] Includes expenditures for food, housing and utilities, clothing, and medical care.

[2] During the period of unemployment, one individual purchased a new automobile which increased deferrable expenditures and resulted in a decrease in the percent of total expenditures made for nondeferrable items.

This might indicate that single claimants reduce nondeferrable expenditures to a larger extent than do head of four-person-household claimants. If consideration is limited only to food and housing and utilities, however, there does not appear to be any significant difference in the proportion of total expenditures allocated to these items by either the single or head of four-person-household claimants. Apparently, individuals either reduce all expenditures proportionately, or by one means or another maintain relative levels of preunemployment expenditures during unemployment.

Other data in the report—which show separately the amounts spent for food, housing and utilities, transportation, and all other living costs—support the pattern of stability in the proportion of expenditures for nondeferrable expenses. This is true also when only food and housing and utilities are considered as nondeferrable expenses. Actual spending for "personal care," which is excluded from nondeferrable expenditures in table 1, averaged the same both before and during unemployment for both types of claimants, so that the relative importance of outlays for this item actually increased during unemployment. This suggests the possibility that personal care might be considered a nondeferrable item. Whatever the reductions in nondeferrable expenses were, the data do not clearly suggest how they were reduced—i.e., whether in quantity alone, quality alone, or some combination of both. Further research is needed in this area.

For single claimants, the percent of earnings spent on nondeferrable items ranged from 52 to 59 percent before unemployment and from 43 to 52 percent during unemployment (table 2). However, for head of four-person-household claimants, the ratio ranged from 62 to 77 percent and from 58 to 70 percent, respectively, before and during unemployment. This indicates that head of four-person-household claimants allocate a higher proportion of their wages to nondeferrable expenditures than do single claimants; moreover, they can "squeeze" less out of the nondeferrable expenses. As a result, the proportion of preunemployment earnings spent on nondeferrable expenses is higher than was the case for single claimants.

More studies should be undertaken to establish the intrinsic content of changes in expenditures during unemployment. They should be undertaken in a large number of labor market areas,

730-477 O - 64 - 2

under different economic conditions in each area, so that the extent of variation during different levels of economic activity in one area and among many areas may be determined.

To fulfill the objective of meeting nondeferrable living costs, the weekly benefit amount should be approximately the same proportion of weekly wages as are nondeferrable expenditures. The existing program wage-loss fraction is approximately 50 percent for claimants below the maximum in all States except Colorado, where it is 60 percent of an individual's full-time average weekly wages. Data obtained from the six benefit adequacy studies suggest that the 50-percent program fraction might be sufficient only for single claimants. It would not be sufficient for head of four-person-household claimants. However, a significant proportion of claimants do not receive even this 50-percent wage-loss fraction. This is because of the limitations imposed by the measurement of the wages lost due to unemployment and the establishment of the wage-loss fraction. It is also affected by the minimum and maximum weekly benefit amounts.

Measuring wage loss.—Although there are inadequacies in the current estimates of wage loss, there has been considerable progress in moving in the direction of determining a close equivalent of an actual weekly wage while working. At present there are three different methods in use by the States to estimate wage loss.

Eight States with 8 percent of all covered workers establish the weekly benefit amount as a percent of total annual earnings in covered employment. In effect this measures weekly wages over a 52-week period whether or not these wages were earned in each week. The result is that the estimate of weekly wages is seriously understated for workers with less than full employment in the base period. Some States attempt to compensate for this by increasing the fraction of annual wages paid as the weekly benefit amount. This allows for some unemployment. The increased fraction used allows for no more than 11 weeks of unemployment in any of these States. This annual wage formula is considered by many as the least adequate method of estimating wage loss.

Thirty-six States with 60 percent of all covered

TABLE 2.—MONTHLY CASH OUTLAYS AND MONTHLY NONDEFERRABLE EXPENDITURES AS PERCENT OF MONTHLY WAGES, BEFORE AND DURING UNEMPLOYMENT, BY TYPE OF CLAIMANT

Type of claimant	Survey area					
	Pittsburgh, Pa.	Tampa-St. Petersburg, Fla.	Anderson-Greenville-Spartanburg, S.C.	Albany-Schenectady-Troy, N.Y.	Portland, Oreg.	St. Louis, Mo.
Single claimants						
Average monthly cash outlay as percent of average monthly wages:						
Before unemployment	83	81	94	90	95	97
During unemployment	64	76	79	95	82	81
Average monthly nondeferrable expenditures as percent of average monthly wages:						
Before unemployment	52	53	56	55	59	55
During unemployment	43	50	52	52	51	45
Head of 4-person-household claimants						
Average monthly cash outlay as percent of average monthly wages:						
Before unemployment	110	96	126	122	128	121
During unemployment	86	91	113	110	100	97
Average monthly nondeferrable expenditures as percent of average monthly wages:						
Before unemployment	62	64	73	76	77	71
During unemployment	58	61	68	70	60	60

workers measure the wage loss as a fraction of high-quarter earnings, with the fraction varying from one-twentieth to one-thirtieth. At one-twentieth, this fraction compensates for 3 weeks of unemployment in the high quarter. At over one-twenty-sixth, this fraction reduces the true value of high-quarter weekly wage for all workers by assuming that there are 13 weeks of employment in the higher quarter and premium wages paid for some of those weeks. At one-thirtieth, 15 weeks of employment are assumed. Thus a high-quarter fraction of one-twenty-sixth or less prevents the accomplishment of a 50-percent program wage-loss fraction. While not a completely adequate estimate of actual wage loss, it is preferable to the annual wage formula.

Eight States with 32 percent of all covered workers estimate the wage loss from actual weeks in which wages were earned over some period of time in the base period. Some States use all weeks with some earnings; others use the minimum number of qualifying weeks with the highest earnings. This method more nearly reflects wages while working full time and is a close approximation of the actual wage loss resulting from job loss.

There is an unmet need for undertaking research among the States to show how their workers would fare under each of these three methods of estimating wage loss.

The wage-loss fraction.—Based on the original recommendations of the Committee on Economic Security in the 1930's, most State laws initially provided that claimants receive 50 percent of their full-time wages. Historically, even from the very beginning of unemployment insurance in the United States, there has been almost no experimentation with different program fractions of wage-loss compensation, except for the variation providing for higher rates at the lower income levels. In 1959, Colorado became the first and only State to increase its program fraction of wage-loss compensation above the basic 50 percent. It was increased to 60 percent of full-time wages. For the 51 other State programs the concept of the basic wage-loss fraction for the majority of claimants remains at 50 percent. In some instances the fraction is slightly higher for lower income workers. The establishment of any fraction of wage-loss compensation should be based on data collected from studies of the proportion of wages spent on nondeferrable items. Tables 1 and 2 point to the composition of the nondeferrable expenses, and the proportion of wages spent on these items in six labor market areas during different economic time periods. For most workers—certainly for heads of four-person-households, the 50-percent wage-loss fraction was inadequate. These studies, which were done from 6 to 10 years ago, indicated the need for additional studies in this area. Little research has since been undertaken, and we continue with three basic formulas:

1. The flat fixed fraction at or near 50 percent except in one State;

2. A variable fraction at or near 50 percent for most workers, with a higher fraction at the lower earnings levels;

3. A fixed fraction supplemented with dependent's allowances or a variable fraction supplemented with dependents' allowances.

Benefit adequacy studies conducted in more States could constitute the basis for determining the adequacy of the weekly benefit amount. The ultimate objective is to determine:

1. If the present weekly benefit amount is adequate for the great majority of claimants to cover their nondeferrable expenses (food, clothing, housing and utilities, and medical care);

2. If the weekly benefit amount is not adequate, the type of formula required—such as a fixed fraction, a variable fraction, or a fraction of earnings plus fixed dollar amounts—to cover these nondeferrable expenses for the great majority of claimants.

If the inadequacy of the wage-loss fraction is substantiated by additional studies, it would indicate that some action would be desirable. Research projects should be initiated in all States to determine the income and expenditure patterns before and during unemployment for workers according to marital status, family responsibilities, age, sex, occupation, skill, education, etc. These studies should also determine the type of formula that is best able to provide income sufficient to defray nondeferrable expenditures for all groups and classes of claimants.

EDITORS NOTE.—*Part 2 of this article, which will appear in the May issue, discusses how the weekly benefit amount helps to maintain pre-unemployment living standards, and its influence on the incentive to work.*

Oregon's Research Into Qualifying Requirements

*Lee Russell**

STATUTORY wage and employment reporting requirements serve useful research needs relative to qualifying requirements for unemployment insurance. Except for the 4-year period 1949–52, employers have been required to furnish a listing each quarter showing the *total* wages paid each worker during the calendar quarter regardless of the tax base requirement. Effective with the third quarter of 1959, an additional item is required—the number of weeks worked during the quarter. This weeks-of-work information became necessary because of an added qualifying requirement that went into effect at the same time: namely, to qualify for benefits an individual must have had earnings of $20 or more in 20 different weeks of his base year. Since then, the requirement has been modified to 20 weeks of work with an average of $20 per week.

This excellent source of employment and earnings patterns of covered workers has been used extensively in Oregon for economic and legislative analysis, especially in dealing with problems arising from the seasonality of the State's major industries—lumbering, construction, and food processing.

Because of the seasonal nature of Oregon's basic industries and their influence on employment in supporting industries, many have felt, from the time the Oregon unemployment insurance law was enacted, that benefits paid to seasonal workers should be restricted. The intent of this restriction was to confine benefits for seasonally unemployed workers to the periods when the claimants normally were employed. Although this principle is still a factor in determining benefit eligibility, particularly among cost-conscious employers, an important factor now is the measurement of an individual's continuing attachment to the labor force. The end result, of course, is the denial of benefits to a substantial proportion of seasonal workers.

*Unemployment Insurance Analyst, Research and Statistics Section, Oregon Department of Employment.

Seasonality of Oregon Industries

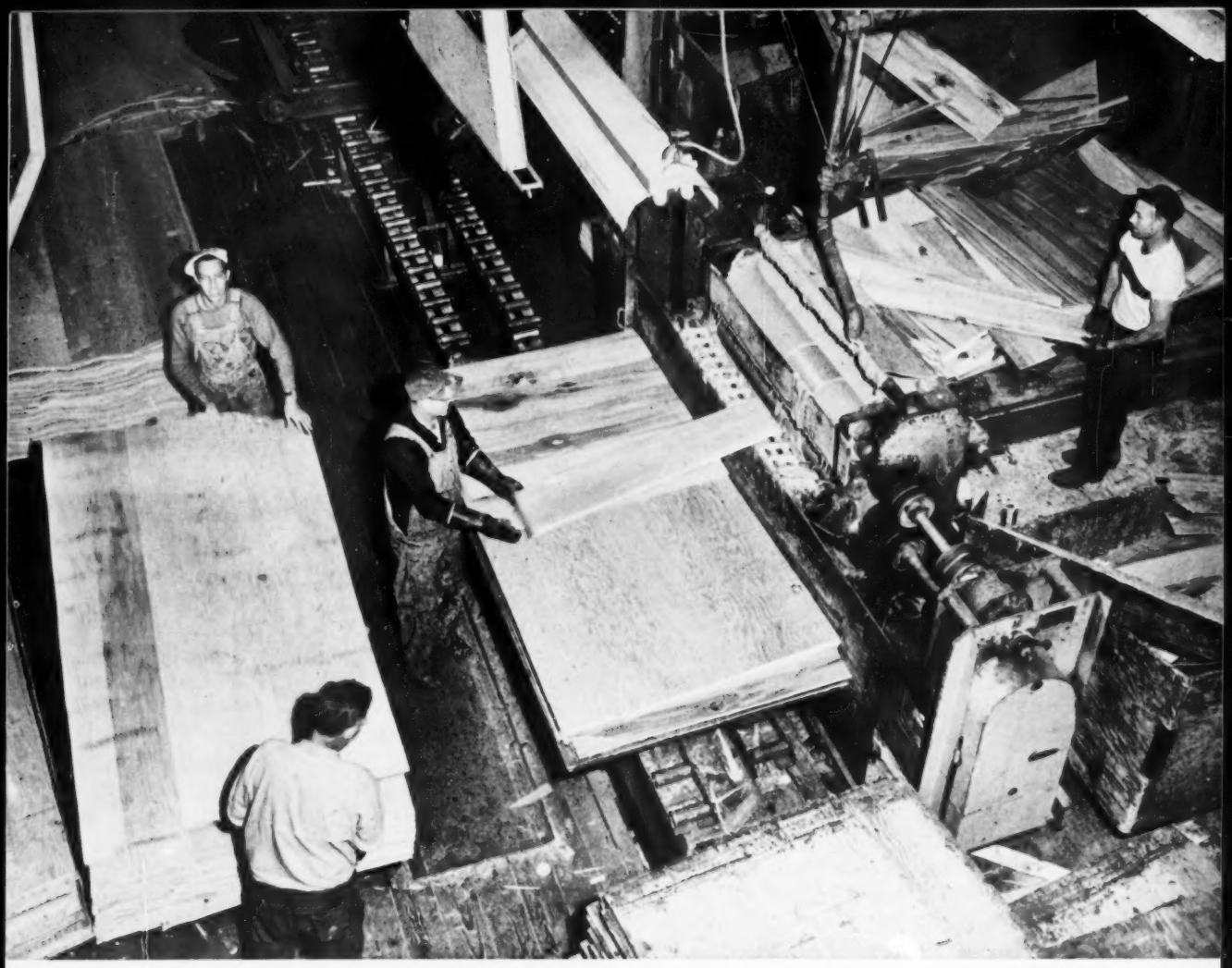
During 1962, average monthly employment in covered industries (government excluded) totaled 389,000; it fluctuated from a 360,000 low in January to a 418,000 high in September. Lumbering, construction, and food processing, all highly seasonal, together comprised less than 30 percent of covered employment but accounted for 60 percent of the seasonal variation. The highly volatile food products group, with the smallest employment volume of the 3 industries, had an employment increase of 13,000 between January and September. For lumber and construction, the employment increases between these 2 months were 10,000 and 11,000, respectively. Seasonality problems are aggravated further because agricultural (noncovered) and tourist activities peak during the same season.

In recent years, however, a moderating trend has been noted in seasonal fluctuations of employment, particularly in the lumber group. The increasing importance of plywood, the trend toward large integrated operations, and the high cost of stumpage—forcing out small seasonal operators—all have contributed to increased stabilization in the industry's labor requirements. Only a few years ago it was normal for lumber to experience a swing of 25,000 in employment from winter to summer levels.

During the last decade, benefits paid to unemployed claimants from the lumber, construction, and food products industries accounted for 57.4 percent of total benefits paid. As a result of the seasonality problem, its impact on unemployment insurance costs, and the consequent interest shown by legislative, advisory, and other groups, Oregon has performed rather extensive research into and analysis of the characteristics of claimants and of the entire insured labor force as well.

Annual Reports of Covered Workers

Because of the increasing need for information concerning the insured labor force, Oregon began as early as 1942 to obtain data on a sample of workers with wage credits. Work during the first several years consisted merely of preparing basic tabulations, with analysis limited to answering requests for specific information. By 1948, suffi-



Workers from the lumber industry account for nearly a third of the benefits received by claimants in Oregon.

cient experience had been obtained in working with the data to prepare and publish a report covering the period 1942–46. Since then, a report has been prepared annually. Thus, historical annual information is available from 1942 on the characteristics of the Oregon workers covered by unemployment insurance. These annual reports contain a wealth of information on the earnings and other general economic patterns of the State's insured work force. They are extremely helpful in evaluating various aspects of the unemployment insurance program, such as examining the requirements for insured status and estimating the effects of legislative changes in qualifying requirements.

The annual report contains cross-tabulated data and analysis related to two basic areas of labor force attachment, the source and amount of employment. Characteristics of workers in the sample are obtained by analyzing information on all quarterly detail cards. The cards show the industry classification (Standard Industrial Classification), employer account number, quarterly wages, and weeks of work. In addition, the detailed data are summarized to show the industry from which the worker received the most earnings during the year, the number of different two-digit industries and different employers from which wages were received, total annual earnings, total weeks of work, high quarter earnings, and the calendar quarter of the year of highest earnings.

The percentage of annual earnings received from the main industry and the ratio of annual earnings to high quarter earnings are computed for each worker in the sample.

Although a three-digit industry code is assigned in case more detailed analysis is needed, data are grouped by major industry division for publication and for most analysis. Manufacturing is one exception—special breakouts are made of the canning and preserving segment of the food products industry and of the lumber and wood products group. The reason for special emphasis on the lumber industry is the dominant effect it has on the State's economy and the fact that this group accounts for nearly one-third of the benefits paid to claimants in Oregon. Canning and preserving, because of its high seasonality and suspected high proportion of secondary wage earners, probably comes in for more discussion in terms of labor force attachment and insured status qualification than any other single group. Although it is not of appreciable importance for UI research, a finer breakout of other manufacturing and selected nonmanufacturing industries will be made in the tabulations and analysis of 1963 workers to fulfill an increasing number of requests for more industry detail.

Analysis of Labor Force Attachment

The principal industry of a worker is used chiefly as a frame of reference within which his pattern of employment can be analyzed. If the worker has been employed in only one industry, which is true for approximately 80 percent of the workers in a given year, the analysis is somewhat simplified, but if his employment experience is spread among several industries the problem becomes more complicated. Used in conjunction with the number of employers, the employment experience and industry attachment show which industries did or did not provide substantial year-round employment for their workers; it shows the effect of seasonality on employment in various industries; and it shows, to some degree, the job attachment of workers who, while staying in the same industry, shift from employer to employer.

In relation to insured status requirements, the effects, by industry, of setting minimum qualifying requirements at various wage levels can be ascertained. The accompanying chart shows, for selected industries, the effects of Oregon's current qualifying requirements—$700 base year earnings and 20 weeks of work with an average of $20 per week. Based on 1961 wages, it reveals that 37.8 percent of all covered workers would be ineligible for benefits because their attachment to the insured labor force was insufficient to meet the minimum required by statute. It further reveals that the requirements would hit hardest in the canning industry where 69.9 percent would have been ineligible if they had filed claims for unemployment compensation. Probably the greatest single factor considered by advisory or legislative committees in recommending legislative changes in qualifying requirements is a comparison of the effects on canning industry workers with the effects on covered workers in all industries.

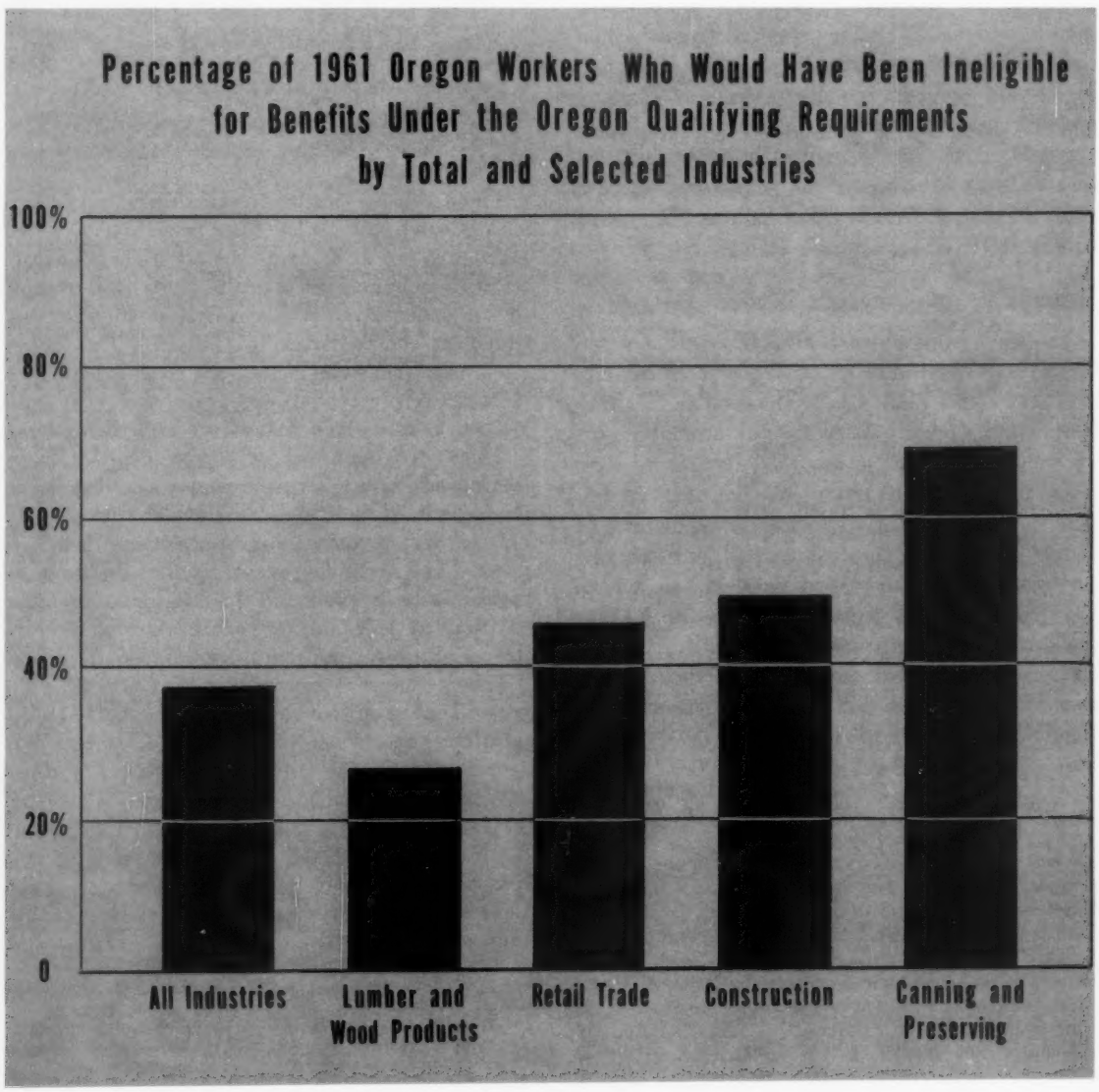
The extent to which workers have been employed over the calendar year is indicated by various data. Length of employment was not directly discernible in Oregon until employers began to report weeks-of-work information in 1959. However, when the number of quarters with earnings was related to other work experience data, such as annual earnings, high-quarter earnings, and ratio of annual earnings to high-quarter earnings, a fairly good approximation of the length of a worker's employment could be obtained. Now that weeks-of-work information is available, it is expected that workers' employment patterns can be revealed more fully, and that their job attachment can be measured more precisely than heretofore. Because weeks-of-work data are relatively new, observation of the value of this item has not matured as much as expected. One reason for this is that employers have been somewhat slow to respond to the weeks-of-work reporting requirements. However, steady improvement has been noted, and currently only about 3 percent of employers overlook this item in their quarterly reports.

Because of familiarity with wage-record research and the readily available data, Oregon was the first State to undertake and complete a benefit entitlement study. Using the methodology in the Bureau of Employment Security's "Guide for the Conduct of Unemployment Benefit Entitlement Studies," the Oregon study analyzed, in terms of labor force attachment, the 1957–59 work experience of a sample of workers with wage credits in 1958. While the study did not develop a precise measure of labor force attachment for determination of benefit entitlement (studies based on wage records alone cannot be expected to measure labor

force attachment precisely and infallibly), it did indicate certain areas and groups of workers in which further study should be made in terms of insured status requirements.

Family Characteristics Study

Another use of the covered wage data is in a current project concerning the validation of work history information obtained during the 4 survey weeks of the Family Characteristics Study with respect to beneficiaries under the Temporary Extended Unemployment Compensation Program of 1961–62 (TEUC). Agency wage and benefit payment records are being compared with work history information furnished by claimants interviewed during each of the 4 TEUC survey weeks. This study has two objectives: (1) to determine the level and direction of error in claimant work history data which can be satisfactorily detected by comparing the direct interview information with that shown by agency records; and (2) to evaluate, to the extent possible, the validity of work history data published in the TEUC Family Characteristics Study. Preliminary indications are that work history information obtained by direct interview is somewhat lacking in accuracy.



Results of this survey should be available by midsummer.

Because characteristics such as sex, age, family status, etc., are not available from wage-record information, a mail survey of covered workers was attempted several years ago to find this additional detail, plus total labor-force attachment information. The wage credit files provided the sample source for this survey and also furnished covered attachment data to be compared with total labor force attachment. While some inferences could be drawn from data obtained about workers in the sample, results could not be taken as representative of all covered workers because of a bias in the sample returns. This bias resulted from the fact that addresses were exceedingly difficult to find for certain groups, such as women, students, and mobile workers. Addresses were not found for about 50 percent of the sample. Findings indicate that unless addresses can be found for substantially all sample workers, the results of this type of survey will be of questionable value.

Other Uses of Oregon's Worker Data

To learn more about the value of the Oregon agency's worker data to others, a questionnaire was sent a few years ago to those on the mailing list (approximately 150) for the annual report of workers with wage credits. Recipients were asked to evaluate the report in terms of its usefulness to them, particularly with respect to specific tabulations. Sixty percent replied, and the majority stated that they used the data for general analysis of the State's economy or for appraisal of developments within a specific industry. Some included requests for more industry detail. The accompanying table indicates the relative importance of specific items to respondents.

Item	*Percent of respondents using specified item*
Amount of annual earnings	48
Industry of principal employment	48
Number of industries	43
Median annual earnings	34
Number of employers	34
Percent of annual earnings from principal industry	24
Calendar quarter in which most earnings received	18
Number of quarters with wages	16
Amount of high quarter	12
Ratio of annual and high quarter earnings	10

Profiles of the Long-term Unemployed

*Saul J. Blaustein**

GEORGE LAKE and Mary Eastman lost their jobs during the last recession and drew State unemployment compensation for 6 months. They were still unemployed when these benefits ran out. Fortunately for them, Congress passed the Temporary Extended Unemployment Compensation (TEUC) Act in March 1961. This measure made it possible to draw additional unemployment benefits for as long as 3 more months at the same weekly rate and under the same conditions governing regular State benefits.

These two persons, and others described in this article, are fictitious, but their resemblance to real persons is not at all coincidental. Their characteristics and experiences are fairly typical of most of the unemployed who received extended unemployment compensation in 1961–62. The "average" man and woman may not exist except in a statistician's computations, but the men and women behind these figures are nonetheless real.

There are hundreds of thousands of George Lakes and Mary Eastmans whose introduction to the decade of the "soaring sixties" was bitterly marred by recession and long-term unemployment. The increasing recognition of the predicament of such workers and the intensive search for solutions to their unemployment problems behoove us to look closely at them in every possible way.

When Congress enacted the TEUC law, it directed that extensive research be conducted to determine the personal, economic, and family characteristics, and the prior work history, of those who received extended benefits. Some 175,000 interviews of such claimants were held throughout the Nation in 1961 and 1962. As a result of this research, much more is now known about George Lake and Mary Eastman and the claimants that they represent.[1]

*Office of Program Development and Legislation, Unemployment Insurance Service, Bureau of Employment Security.

[1] Data from the study have been published by the Bureau of Employment Security in seven reports under the title *Family Characteristics of the Long-Term Unemployed*, BES No. U–207–(1 through 7).

One major conclusion emerges readily and clearly—these workers are by no means an odd breed of people. That they endured prolonged unemployment does not mean that they are somehow unique or peculiar in comparison to the more fortunate workers whose seniority shortened or prevented job layoff or who worked in industries as yet little affected by technological or other employment pattern changes.

This article presents a series of profiles of unemployed workers who drew TEUC benefits in 1961–62. These profiles emerge from the mass of interview information compiled, and represent the most significant types of claimants who received extended benefits.

Some general perspective on the major groupings of all TEUC claimants is given by the accompanying table, which shows the family status of the men and women who drew extended benefits. Two-thirds of the men were the primary earners of their families and accounted for over 40 percent of all TEUC claimants, by far the most significant group. Of the remaining male claimants, half lived alone. Working wives—the so-called married secondary earners—comprised one-fourth of all claimants and 60 percent of all women who drew TEUC. Interestingly enough, well over two-thirds of the remaining women either lived alone or were the prime support of their families.

CLAIMANTS UNDER THE TEUC PROGRAM OF 1961–62, BY SEX AND FAMILY STATUS

[Based on four national surveys]

Sex and family status	Percent distribution
Total	100
Men	61
Primary earners of families	42
One-person households	10
Unmarried secondary earners	7
Married secondary earners	2
Women	39
Married secondary earners	25
Primary earners of families	5
One-person households	5
Unmarried secondary earners	4

More than half the claimants (over 55 percent) were located in the populous and heavily industrialized northeastern section of the United States. Most of them were concentrated in the six largest States of this area—Illinois, Michigan, New Jersey, New York, Ohio, and Pennsylvania. About 20 percent of all claimants lived in the South, 15 percent in the far West—mostly in California—and about 7 percent in the western plains and mountain States.

Hard Times Hit the Lake Family

George Lake was getting into his late forties when he lost his job. He and his family lived in a heavy manufacturing center in the Great Lakes region. A factory worker with few occupational skills, he was not unfamiliar with the experience of unemployment. This time, its grip was hard, painful, and tenacious, and was felt severely by his family, which was entirely dependent on him.

George was in his youth back in the 1930's, but not so young that he could not remember later how difficult it was to find work in those days. He had managed to get through the eighth grade but did not go to high school. The Great Depression left its mark on him. In recent years, he had not fared badly. He and his wife shared in the Nation's postwar growth and prosperity. The grim prewar years seemed far behind them. When his last job ended, he was making about $100 a week—the after-tax pay was closer to $85. This was not affluence by any means; but neither was it poverty. After being unemployed for more than 6 months, he probably recalled the 1930's more often. Maybe there were fewer people looking for jobs this time than 25 years ago, but if you were one of them, for you it was the Great Depression again. This time, however, there was one very important difference—there was unemployment insurance.

During the 36 months before he entered the TEUC program, George worked most of the time, always at a full-time job. But he was out of work in about 12 of those 36 months, mostly in this recent long spell. For the Lakes, unemployment compensation was about all that stood between them and utter destitution. It amounted to a little more than $40 a week, hardly half George's previous take-home pay. But it did help for at least half of the household expenses that could not be postponed. There was a small amount of savings to draw on, and an income tax refund that came along was very welcome, but essentially it was the weekly unemployment benefit that kept them going.

Of course, some adjustments had to be made. Expenses were cut where possible. It was hard to keep up with financial obligations—payments

730-477 O - 64 - 3

due were missed and insurance lapsed. Although some claimants in George's circumstances turned to public welfare for support, most, including the Lakes, managed to avoid this extremity so long as extended unemployment benefits were available. Nevertheless, it is clear that the quite modest level of living previously attained by the Lakes was lowered.

For about a third of the families with an unemployed primary earner who drew TEUC, earnings of a secondary wage earner helped to limit the degree of financial distress that took place. On the other hand, the primary earner was not the only unemployed worker in some households. For these families, of course, the loss of income was even more severe.

We do not know what happened to the Lake family after TEUC benefits ran out, at the end of the third month. We know only that 3 months after he drew his last benefit payment, George Lake was still unemployed. Already reduced to a lower living standard, with whatever savings or other financial resources largely, if not entirely, exhausted, the Lake family faced adjustments which could only be drastic compared with the relatively moderate changes made while unemployment compensation was available. The last resort of private charity or public welfare was no longer a vague possibility to threaten George Lake's dignity and pride. Real poverty now loomed ahead as a reality.

The massive assault on poverty now being readied in this country will find among those to be rescued relative newcomers to this condition. They, like George Lake, with many productive working years behind them and many yet to offer, have suddenly become the victims of a rapidly changing economy. The manpower policies and adjustment programs of the Federal Government are aimed at restoring these workers to employment. Successful efforts in these areas, coupled with adequate and dignified income maintenance during the adjustment period, will protect such workers from the ordeal of poverty.

Working Wives Without Work

The majority of the unemployed working wives who drew extended unemployment benefits in 1961–62 were, like Mary Eastman, located in the industrial Northeast and East North Central regions. However, such women represented a more significant proportion of claimants in much of the South than was the case in most other parts of the country. Southern industry—particularly such light manufacturing as textiles, apparel, and tobacco—commonly employs large numbers of women. Despite this greater concentration of secondary earners, we should not forget that primary earners accounted for the largest proportion of claimants, even in the South.

What were these women like?

Mary Eastman was in her late thirties at the time she claimed TEUC. There were three in the family altogether. Although her husband was working, the family missed the wage income she had been providing.

Mary was 10 years younger than George Lake, but she was old enough during the depression of the 1930's to have observed the effects of unemployment on the well-being of a family, particularly on the children. She completed 3 years of high school and left school at about the time that the Nation was converting to a war economy and the men were entering military service. It is not known whether Mary Eastman went to work then, but she was certainly exposed to the atmosphere of the times. Millions of women, many of whom had never had paid employment, were taking jobs in industry, and they were a vital source of strength in a time of national crisis. For many of them, attachment to the labor force became more or less permanent.

When Mary Eastman filed for extended benefits, she had been in the labor force without interruption for at least 3 years. During two-thirds of this time, she had been employed full time as a relatively unskilled factory worker and earned about $60 a week, with take-home pay of about $50, after taxes. Her weekly unemployment benefit amounted to $30.

In the South, Carol Pineland's circumstances during 1961–62 were similar in many ways. Her family consisted of four people, including two nonworking dependents. Mr. Pineland was working, but his wage income was smaller than Mr. Eastman's. With a larger family to support, and a lower income to begin with, Carol's job loss possibly had a greater impact on her family than Mary's had on the Eastmans.

Carol was a few years younger than Mary Eastman and had left high school earlier. She had been an unskilled worker in a southern factory engaged in the manufacture of nondurable goods. Her last full-time wage was about $50 a

week ($42 take-home). For Carol, too, attachment to the labor force had been steady during the prior 3 years, and her employment and unemployment experience was similar to Mary Eastman's. Her unemployment benefit was $25 a week.

Both women had exhausted their State unemployment compensation, but Carol had drawn benefits for 20 weeks, compared to Mary's 26 weeks. Because of the 50-percent extension of benefits under the TEUC program, Carol was eligible for 10 additional weeks of benefits and Mary for 13. In all, Mary Eastman had 2 months more of benefits than Carol. This resulted largely from differences, generally prevailing at that time, in the benefit duration provisions of unemployment insurance laws in northern and southern States. Since that period, nearly all States have raised their statutory maximums to at least 26 weeks.

Unlike the Lake family, the Eastmans and the Pinelands were not as dependent on unemployment benefits since the family heads were still employed. Since Mary Eastman and Carol Pineland each received a weekly benefit equal to half her former wages, each family was able to maintain its standard of living, with some adjustments, while benefits were received. The Eastmans had accumulated some savings, which were used in this period, but the Pinelands, with their lower earnings, were not so fortunate as to have savings. In both these cases, the extended unemployment of the two women had an impact on each family's welfare and financial condition. Both women exhausted their extended benefits, and 3 months later were still jobless and looking for work. This probably led to further economic deterioration for their families.

Working wives are frequently called "secondary earners." This designation does not equate with "unimportant." It indicates simply that someone else in the household normally is the main source of family support. Although Mary Eastman's and Carol Pineland's earnings were less than their husband's wages, the financial contribution of these two women undoubtedly made the difference between having and not having a comfortable level of living. These two women are fairly typical of wives who have gone outside the home to work when the children are growing up, and when their husbands' financial burdens are increasing.

Most wives who work—and about a third of them do in this country—do so for economic reasons. Studies show that the husbands of working wives tend to have substantially lower earnings than the husbands of wives who do not work. This is especially true in families with minor children.

Historically, American women have always worked alongside their husbands—on the farm and in the shop—to help proide a decent living for their families. Today, the Mary Eastmans and Carol Pinelands similarly join their husbands as wage earners so that their families may have the chance to realize their aspirations.

The earnings of working wives probably have provided much of the increase in purchasing power that has carried the Nation to its current high standard of living. Also, women furnish a labor supply without which much of our enterprise would be impossible. Many jobs (nursing and teaching, for example) traditionally have been held by women and many industries are almost entirely dependent on women workers. Women make up a third of the labor force, and half of the working women are married.

The Unemployed Who Live Alone

Of the long-term unemployed workers who drew extended benefits in 1961–62, more than one out of seven were self-supporting and living independently of others. Two-thirds of them were men. Most of the claimants who lived alone (men and women) were concentrated in the States with the largest metropolitan areas of the country. Nearly one-third resided in New York and California.

Louis Burger and Jean Singleton were fairly representative of this group. Both lived in a large eastern city. Louis was 47 years old and divorced. He had completed elementary school but had not gone to high school. Before losing his job, he was making $85 a week as a blue-collar worker, taking home about $70 after taxes. He had worked full time during 24 of the 36 months preceding his claim for extended benefits, and was unemployed during the remaining months. He had exhausted 26 weeks of State unemployment benefits and was drawing upon 13 more weeks under TEUC at the time he was interviewed. His weekly benefit of about $40 was his only significant source of income during this long period of unemployment.

Jean Singleton was a widow in her late fifties. She had completed 9 years of schooling. Work-

ing in a factory at jobs requiring few skills, she had earned a weekly wage of $60; $50 after taxes. Like Louis Burger, she had been in the labor force throughout the previous 36 months and was employed most of that time. She also drew State unemployment benefits for 6 months, and then had 13 weeks of extended benefits to use under the TEUC program. No other significant source of income was available to her during this time apart from her $30-a-week benefits.

Both Louis Burger and Jean Singleton exhausted their extended benefits and reported that they were still unemployed 3 months afterwards.

The circumstances of these individuals reflect the problems of the worker who lives entirely on his own. They comprise a relatively limited portion of the population, but when unemployed their problems are especially poignant. They tend to be quite vulnerable to some of the worst effects of unemployment. Most had been married, but because of death or marital difficulties they were living alone. (A minority of claimants who lived alone had never been married.) Some still had family obligations even though they currently lived alone. On the other hand, some could count on limited help from relatives; a few claimants who lived alone reported that they had obtained such assistance. Unemployment benefits played a prominent role in the efforts of Louis Burger and Jean Singleton to retain their independent status and to avoid becoming a burden to relatives and friends.

A fair number of such claimants were in the older age categories, particularly the women. About 15 percent of the men and 30 percent of the women who lived alone drew old-age pensions, mostly social security, which helped to sustain their financial situation. The average social security benefit for a single individual in 1961–62 was between $75 and $80 a month, hardly enough for the bare necessities of life. Thus, working for a living was still an important factor in their lives and the loss of employment meant hardship.

Some States automatically disqualify pensioners from unemployment benefits on the assumption that such individuals have retired from the labor force. Other States reduce the benefit check by an amount which corresponds roughly to the pension amount. Some pensioners probably have retired from the labor force and thus are ineligible for unemployment benefits; it may be difficult to identify these claimants as retirees when they file claims for benefits. Many pensioners, however, have not retired from the labor force, much as they might wish to do so. Those "live alone" claimants who have marginal incomes even when working are not likely to be financially able to retire when they reach 62 years of age.

The Unemployed Young Worker

Bill Ladd was not yet 25 years old when he filed for extended unemployment benefits under the TEUC program. He had been in the labor force throughout the previous 36 months, and had full-time employment during about two-thirds of this period. He was out of a job and looking for work in the remainder of this time, not all of which was compensated by unemployment insurance.

Bill was single and lived with his parents in a northern industrial community. His father was working and the prime support of the household. The family did not depend on Bill's earnings, although he was prepared to share any unusual burdens that might arise. Being able to live at home made it easier to endure the loss of his wages, although his long joblessness was hard on his morale and damaging to his future plans. Very likely, he hoped some day to marry and raise a family but this normal expectation seemed discouragingly remote with more than 6 months of unemployment already behind him.

On his last job, an unskilled job in a manufacturing plant, he had earned over $80 a week; less than $70 after taxes. Bill had few occupational skills and had not completed high school. For him it was important to acquire more or higher skills through experience or training that could help him advance to better jobs. While unemployed, he drew a benefit of $40 a week, which kept him from becoming dependent on his family. His employment prospects remained bleak, however; he exhausted his 39 weeks of unemployment benefits and was unemployed 3 months later.

Bill Ladd was fairly typical of the relatively small group of male TEUC claimants who were classified as "unmarried secondary earners." About 70 percent were under 35 years of age; the median age was 26. A third of all unmarried secondary earners were women. The typical woman in this group was in her early forties. Half of them were unmarried; the remainder were widowed, divorced, or separated.

The position of the unmarried secondary earner in the family depends mainly on the family's fi-

nancial structure and circumstances. These range from the worker who pools his earnings with those of others in the family to the secondary earner who maintains his finances separately, living almost entirely as an independent household unit despite the family relationship. In one case, the unemployment benefit contributes significantly to preserving the family's living standards; in the other, it is important to the claimant's independence.

In either case, as with all unemployment insurance beneficiaries, the claimant must clearly be attached to the labor force to be eligible for benefits. The results of the TEUC study show that this requirement is as well satisfied by the young claimant in terms of his prior work history as by the older workers. Most of the unemployed youth, however, are not covered by the unemployment insurance program. While only about 15 percent of all the insured unemployed are under 25 years of age, nearly half of the noninsured unemployed are in this age group. This situation occurs because most unemployed young men and women have had little or no past employment with which to meet the qualifying tests required by all State unemployment insurance laws.

Conclusions

These profiles of the long-term unemployed reveal characteristics of the most significant types of claimants who filed for benefits under the TEUC program. Other types of claimants not discussed here include the unemployed woman who was the primary support of the household, the claimant living in a two-person household, the skilled claimant, claimants from nonmanufacturing industries, and the claimant who did not exhaust extended benefits.

Completion of the profiles of these and other groups would require further extensive analysis of the TEUC data. Efforts are now underway to extract additional information about these claimants. The human problems implicit in this mass of cold statistics need to be revealed.

The human problems exposed so far offer abundant evidence that the extension of benefits under the TEUC program in 1961–62 helped to satisfy some of the urgent needs of nearly 3 million workers left stranded in long-term unemployment by economic recession and other dislocations. It is satisfying to know that effective action can be, and was, taken to cope with a crisis that had an adverse effect on so many.

The unemployment insurance system in the United States functions as the first line of defense against the ravages of job loss, both for individual workers and for the economy as a whole. The system presently succeeds in furnishing sufficient duration of benefits so that normally about three-fourths of all claimants are able to get through temporary unemployment without exhausting benefits. The one-fourth who do not make it—and the proportion rises towards one-third in recession periods—constitute much of the hard-core unemployment in this country. Without unemployment benefits, as the above profiles indicate, many of these workers and their families would be well on their way to poverty shortly after job loss.

The longer duration of benefits provided under TEUC meant that about a third or more of those who exhausted their regular State unemployment insurance benefits were carried through their remaining unemployment before returning to work.

A major consideration in the currently developing war on poverty is prevention of the spread of poverty. Unemployment insurance has an eminent role to play in this respect. Extended income maintenance buys the added time required by the long-term unemployed to make needed adjustments, including retraining or relocation.

The research conducted under the TEUC Act offers considerable ground on which to erect intelligent public policy for the treatment of the long-term unemployment problem.

In Future Issues of the *Review*

The May issue contains special articles about methods of detecting and preventing improper payment of unemployment insurance benefits.

Featured in the June issue will be the adjudication process at various levels—from the claims examiner in the local office on up to the presiding judge.

Idaho Studies Claimant Characteristics

*H. Fred Garrett**

A LITTLE more than 25 years ago the first unemployment compensation check was issued to a claimant in Idaho. Since then, a world war has been fought, jet aircraft has become a common mode of public transportation, nuclear energy has been harnessed, man has been orbited into space, and a timetable has been developed for flight to the moon.

Rapidly paced and dramatic developments in technology are now commonplace, and industries with obsolescent equipment and operating methods are losing out to more progressive competitors who keep pace with changing times by modernizing operating techniques and plant facilities. Farm operation is equally, if not more so in some areas, a part of the trend toward mechanization and reduced labor needs.

The principles that apply in efficient and effective management of private business are equally applicable to government operations. In both cases, planning has a key role. Effective planning can be accomplished only when based upon a background of knowledge gained through compilation of data and facts that are analyzed with reference to trends and events bearing some relationship to the endeavor.

In managing the unemployment insurance program, the large body of statistical information obtained as an administrative byproduct should be used not only for reviewing the operations of the program, but also to provide information necessary for legislative and policy development in the public interest. Toward these ends, the Idaho Employment Security Agency made a study of the characteristics of all claimants filing for unemployment compensation during the benefit year 1962–63. Analysis of survey results is now being completed.

*Executive Director, Employment Security Agency, State of Idaho.

The Need for Research

The objectives of the unemployment insurance program, and principles for achieving designated goals, were enunciated in the original Federal and State laws and in subsequent legislative changes. The numerous amendments to pertinent State laws, however, have mostly been minor refinements of the original provisions for employment security, with scarcely any attempt at complete modernization. Consequently, we are still operating under the concept of the original law which, because unemployment insurance in this country was a new and untried field, had to be based upon assumptions and projections developed from the meager knowledge then available, and upon prevailing economic conditions. In fact, when much of the framework of unemployment insurance legislation was being fashioned by the Congress and various State legislatures, we were in the midst of stopgap unemployment relief programs of the Works Progress Administration.

The unemployment insurance program was intended primarily to lighten the crushing impact of unemployment on the worker and his family, and to help maintain purchasing power in the economy. Unemployment—whether it results from cyclical factors or technological change—breeds unemployment; it causes a further downward spiral in the economy.

To fit today's needs, some realistic and practicable changes in the unemployment insurance program are appropriate. A population explosion, changes in occupational requirements, and a highly mobile labor force are among the factors making it timely and necessary to examine the system thoroughly to learn if the program's basic purposes are being met.

We need to ascertain the extent to which the present unemployment law and programs are coping with existing types of unemployment. The original objectives of the program should be evaluated in terms of current facts—is the program realistic and adequate when related to today's needs? We need to know also to what extent unemployment insurance resources are being used for the seasonally and casually unemployed—the workers who year after year have a less than full-time work pattern, and who are unemployed for reasons other than changes in technology or in the level of the economy. Questions are raised as to the effect of unemployment on workers who

anticipate a seasonal or casual work pattern each year, and how unemployment affects secondary wage earners and their families.

The structure of unemployment, in terms of skills and occupations, is quite different now from that which existed in the depression of the 1930's when the UI program began. Skills and occupations are becoming obsolete at a rapidly growing rate. Many workers are becoming unemployed as a result of expanding automation and technological change. Many workers need retraining and, in some cases, relocation before they are employable in today's job market. In addition, there are many new entrants to the labor force who have not developed marketable skills or whose skills are unsuitable for year-round employment. These facts raise the question: To what extent should unemployment provisions be changed to serve more adequately the needs of these persons?

Another of the original purposes of the unemployment insurance program was to encourage employers to achieve more stability in employment. But, experience rating among Idaho's employers continues to show year-to-year imbalances in employer accounts in some of the seasonal industries. Benefit payments in these cases consistently exceed taxes paid. This raises another consideration: That the unemployment insurance program may in some instances actually subsidize a seasonal pattern of employment and thus encourage its growth.

Motivation for conducting a study of the characteristics of the insured unemployed came also from an increased public awareness and interest in the program, as shown by editorial comment in newspapers and periodicals, discussions with employers and other groups, and trends in legislative deliberations.

For example, in the last session of the Idaho Legislature, bills were introduced with provisions such as disqualification for benefits based on earnings above a certain level in the base year, and a special eligibility requirement for those who collected 75 percent or more of their potential benefits in a previous benefit year. There were also proposals for increased benefits under certain circumstances. Other State legislatures had similar experiences. These developments confirmed the need for a comprehensive survey to learn just who the claimants are—in other words, who gets the money—and to insure that the social and economic objectives of the unemployment insurance program are being met as effectively as possible.

H. Fred Garrett, Executive Director, Employment Security Agency, is shown signing the first benefit check on September 1, 1938. He was then Chief Accountant in the Idaho Unemployment Compensation Division and became Executive Director in 1943.

The Survey

In defining the scope of the survey, it was decided to obtain information from persons claiming benefits under the Idaho law during a 12-month period ending in June 1963. Idaho has a uniform benefit year beginning in July, and the base year is the previous calendar year. Benefit entitlement is based on the wage credits earned in the base year.

Facts were needed on the personal characteristics of claimants, including their age, sex, occupation, marital status, number of dependents, and education. Other information sought included whether the claimants lived and worked on farms, and what sources of income they had other than their regular wages, such as retirement or disability income. Knowledge was needed about the area of the State in which the claimants lived.

Required also were wage and employment histories of claimants covering their labor force status in the 3 years ending in June 1963. Infor-

mation was sought on the amount of unemployment the claimants had experienced in the 3-year period, and whether they were eligible for benefits. Special analysis was desired for claimants who also received benefits in the 2 years prior to the year ending in June 1963.

The survey questionnaire was designed to acquire information on both personal and employment characteristics. A continuous benefit history maintained by the agency provided information on benefits paid to claimants. This continuous study consists of a 20-percent sample of agency claimant records and now provides information covering 3 years. Information is available for each year on potential and actual weeks drawn by each claimant, potential and actual amounts drawn, weekly benefit amounts, total and high-quarter wages for the 3 years, and the number of employers in the claimant's base year.

A post-exhaustion survey was made of those claimants who exhausted benefits in 1962–63. Information was obtained by mail. The Bureau of Employment Security's *Guide for the Conduct of Post-Exhaustion Studies* was used for suggestions on obtaining information on labor force experience after exhaustion of benefits.

A special questionnaire was used for claimants who had indicated on the earlier questionnaire that they lived on farms. This farmer questionnaire was mailed to a 50-percent sample. Answers gave information on size of farm and on crops and livestock, and indicated whether the farm was owned or rented. Another question was concerned with the claimant's work activities during the previous year—how many months he farmed and how many months he worked in nonfarm activities.

The survey has been completed and the Idaho agency is developing the information for its own use and for publication. The first summary of survey findings will cover the personal characteristics of claimants and their employment and benefit history for the 3 years covered by the study. Later publications will cover post-exhaustion experience, and will provide detailed data and analysis not included in the earlier summary. Information developed from the survey will permit evaluation of likely effects of specific legislative changes in UI benefit coverage and costs.

Highlights of Study Findings

During the period of the survey, the unemployment rate in Idaho averaged the same as in the Nation—5.6 percent. Completion of missile base construction in southeastern Idaho left larger than usual unemployment from the construction industry. Among other industries in the State, employment and unemployment were near their usual levels and followed their normal highly seasonal pattern. Nonagricultural employment in Idaho is largely in industries that are among the most highly seasonal in the Nation—lumber, food processing, and construction.

Questionnaires on personal characteristics were completed by nearly 27,000 claimants, of whom 72 percent were male. In comparison, men comprised 71 percent of all Idaho's covered employment during the survey period. Eighty percent of the survey claimants were married. The proportion married was the same for both male and female claimants; however, more women than men were in the widowed, divorced, or separated classification. Eighty-three percent of the men had dependents, while 73 percent of the women had no dependents; 83 percent of the men were the primary support of the family, while only 20 percent of the women were in this category.

Study results emphasize the large amount of insured unemployment which develops from the seasonal industries in the State. Construction accounted for 30 percent of the male claimants, but for only 11 percent of all male employment in the State. Lumber, which provided 13 percent of the employment for males, accounted for 26 percent of the male claimants. Food processing, which employed one-ninth of the females, accounted for one-third of the female claimants.

This study revealed also that a high proportion of workers from the seasonal industries had filed claims in successive years. In the lumber industry, 57 percent of the male claimants in 1963 had drawn benefits in Idaho during the 2 prior years. The corresponding figure for male claimants from the construction industry was 33 percent. There was also a large proportion of female food product workers receiving benefits in successive years; 36 percent of the women claimants from this industry collected benefits in both previous years. These high percentages for lumber, construction, and food processing compare with the 13 percent of the claimants from all of the other industries who filed claims in the 3 successive benefit years.

A special analysis of these claimants revealed that those who collected the major portion of their 1963 potential benefits also tended to draw much

the same portion of their potential benefits in 1962. For example, of those male claimants who received benefits in 1963 and in 1962, 73 percent who drew half or more of their 1963 benefits also collected half or more of their 1962 potential benefits. Similarly, 78 percent of the females who received half or more of their potential 1963 benefits also collected half or more in 1962. Fifty-one percent of all claimants who received benefits in both years and exhausted their 1963 benefits also exhausted their entitlement in 1962; this ratio was the same for both male and female claimants.

A comparison was made of potential benefits available in 1963, 1962, and 1961 for those who collected in all three of these benefit years. Seventy-two percent of the males in this group who received more than half of their 1963 potential benefits averaged more than half for the 2 previous years. The corresponding rate for women was 84 percent. Of the males who drew benefits in each of the 3 years and exhausted their entitlement in 1963, 29 percent had exhausted in each of the previous 2 years. This compares with 40 percent for the women.

Information is available also on the number of weeks in which benefits were drawn in each of the 3 benefit years. The actual duration of benefits was higher for women than for men (11.8 weeks for women; 9.8 weeks for men). For both men and women, the duration of benefits in 1963 was less for those claimants who had not received benefits in either of the 2 previous benefit years than for those who had.

Average potential and actual duration of benefits in 1962–63

	Males		Females	
	Potential weeks	*Actual weeks*	*Potential weeks*	*Actual weeks*
Did not draw benefits in previous 2 years	18.6	9.3	18.6	11.6
Drew benefits at any time in previous 2 years	17.6	10.3	18.2	12.1

Information is also being compiled on the characteristics of claimants who do not follow a seasonal employment pattern each year.

The highly seasonal nature of much of Idaho's unemployment prompts questions from persons connected with industries and areas that have more year-round employment. Is the unemployment insurance program being used more as a kind of subsidy to seasonal workers and industries than as insurance against unexpected unemployment? And is this a questionable use of the program? Answers may differ widely among regions since seasonal unemployment is often concentrated in certain areas as, for example, in one lumber industry county where insured unemployment in February 1963 was 39 percent of covered employment. In such an area, all of "Main Street" feels the strengthening effects of unemployment insurance. These questions are widespread; they have come from those working in the program, and from legislators, advisory council members, and other interested persons. Before answers can be given, more information is required on the characteristics of our Idaho claimants.

The study described here has provided information that is valuable to those who administer the unemployment insurance program and to those who may be considering legislative amendments. Because of the real need for such data on claimants, and to keep abreast of changes in factors affecting the economy, this type of research will be continued in Idaho.

Research in UI Coverage

*Louis Benenson**

A LONG-RANGE objective of the unemployment insurance program is to protect all wage and salary workers subject to substantial risk of involuntary unemployment. Unemployment insurance coverage under the original Social Security Act of 1935 was limited to employers with eight or more workers in at least 20 weeks in a year. Four large groups of the labor force were excluded under the original Federal law: Federal, State, and local government employees; domestic workers in private homes; agricultural processing and farmworkers; and employees of nonprofit organizations.

Under later Federal legislation, about 2.4 million civilian employees of the Federal Government were covered, beginning in January 1955, by a

*Office of Program Development and Legislation, Unemployment Insurance Service, Bureau of Employment Security.

program paying benefits under the provisions of State laws and financed by the Federal Government out of general revenues. In October 1958, unemployment insurance coverage was extended to the 2.6 million members of the Armed Forces on the same basis as Federal civilian employees.

Through Federal and State legislation, unemployment insurance coverage has grown from 65 percent of all wage and salary workers at the beginning of the program to about 77 percent in 1962. It was estimated that in 1962, 47.7 million workers were covered and 14.6 million workers were not covered. The accompanying chart indicates the groups now covered and not covered and the number of workers involved.

Research studies in unemployment insurance coverage have been undertaken to determine the extent to which certain types of employment are subject to the risk of unemployment, to evaluate financing problems and administrative difficulties posed by prospective coverage of such groups, and to find appropriate ways of extending unemployment insurance coverage to those in need of its protection.

Small-Size Firms

In 1954, Congress made a major change in coverage when it cut the limitation on size-of-firm coverage from eight or more workers to four or more workers on at least 1 day in each of 20 different weeks in a calendar year. As a result, in 1956, an estimated 1.4 million workers in 283,000 firms with four to seven employees gained unemployment insurance protection.

Twenty-four States have gone beyond the Federal minimum. Twenty have extended unemployment insurance coverage to employers with one or more workers. Seven of these States cover employers of one or more at any time, and the other 13 States cover employers of one or more with certain specified limitations. Four States presently cover employers of three or more employees. In the 24 States where coverage is broader than the Federal coverage requirement of 4 or more, about 1.6 million workers were reported covered in these small-size establishments in March 1962.

Despite the reduction of the small-size firm coverage exclusion under the Federal act, and the broader coverage of small-size firms in 24 States, there still remain 1.8 million workers in small-size firms not covered by unemployment insurance.

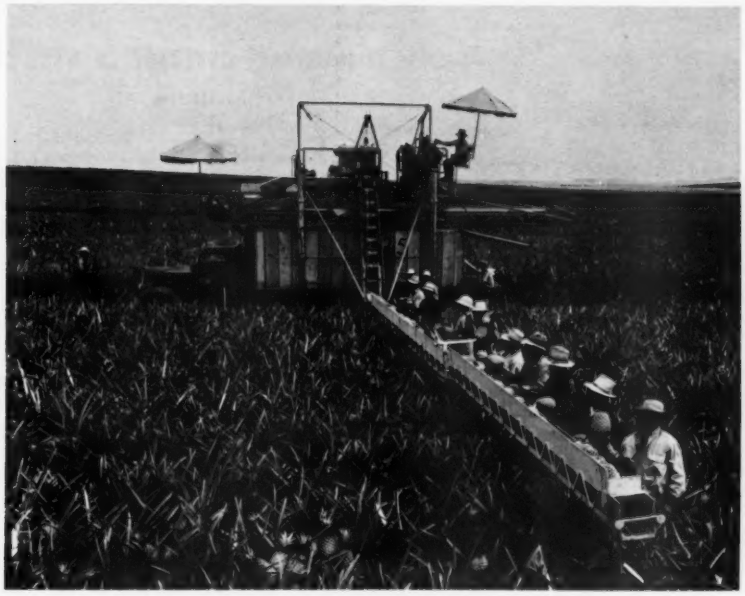
In January 1961, the Bureau of Employment Security published a coverage study entitled, *Unemployment Experience of Small and Large Firms*. The study was made to provide additional information concerning the need to extend coverage to small firms and its feasibility. Sixteen of the States whose laws covered employers of one or more workers were included in the study which explored and compared the unemployment insurance experience of workers in small and large firms.

Study results indicated that benefits were paid to a somewhat greater proportion of the workers in small firms than to those employed by large firms. The average weekly benefit amount was slightly higher for workers in large firms ($33) than in small firms ($29). Among firms entitled to unemployment insurance tax rates based on their own experience, small firms were more likely than the large ones to receive the minimum rate, but there was a tendency for rated small firms to concentrate at the minimum and maximum tax rate.

Agricultural Workers

Coverage of hired workers in agriculture has generally been regarded as presenting more difficulties, for administrative and financial reasons than coverage of other groups. The problems of farm labor coverage most often mentioned involve inadequate employer records, anticipated difficulties in collection of contributions and wage reports, the problem of accounting for payments to workers in the form of meals and lodging, and problems of determining the employment and unemployment status of farmworkers and their availability for work. Moreover, because of the seasonal nature of much farm employment, it has been felt that benefit costs might be prohibitive.

Increasing unemployment among farmworkers, as compared to other occupations, seems apparent, as is their need for unemployment insurance protection. Of all occupational groups, agricultural workers are among the lowest paid and, accordingly, their resources in time of unemployment would tend to be least adequate. Furthermore, with the continued mechanization of agriculture the status of farmworkers and their employment patterns tend more and more to resemble those of industrial workers. The impending expiration of the Mexican contract worker program is apt to accelerate this process and to



Research has been undertaken to determine the feasibility of extending unemployment insurance coverage to farmworkers. They are now excluded except in Hawaii, Puerto Rico, and the District of Columbia.

stimulate interest in the unemployment insurance coverage of farm workers. Similar results may be expected from recently increased community and legislative concern with the welfare of migrant farm workers and union efforts to organize agricultural employees.

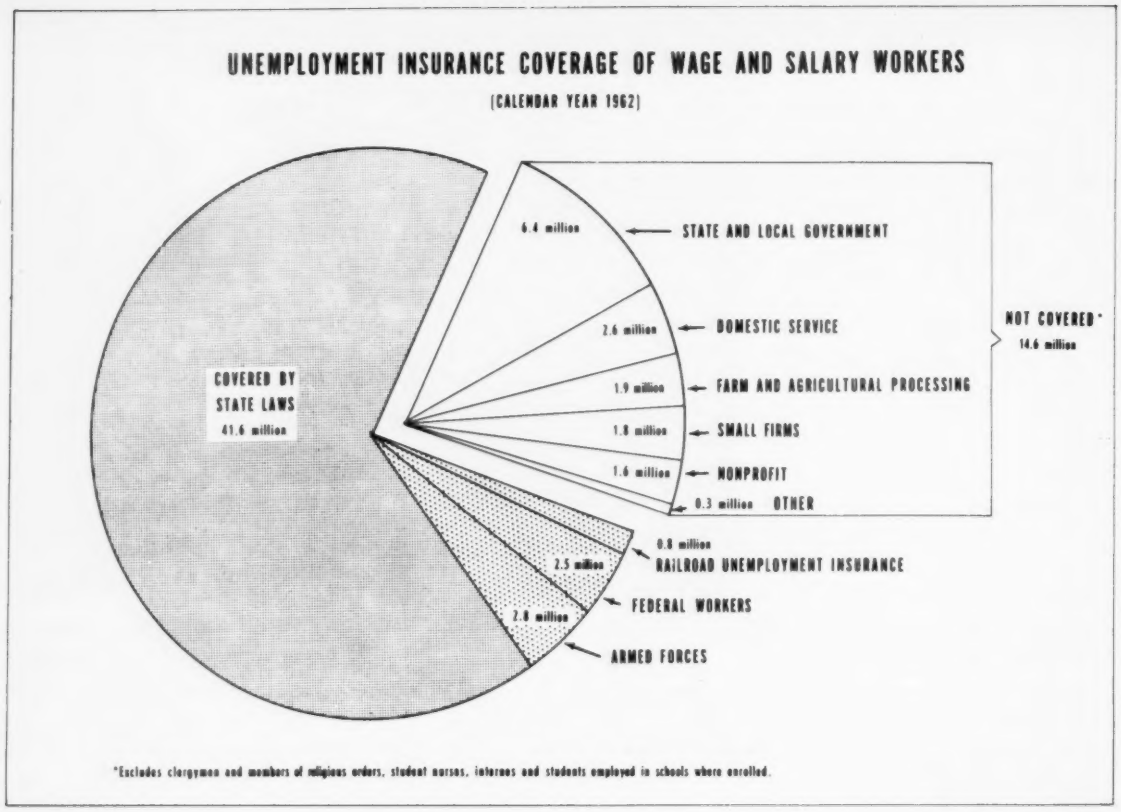
Except in the District of Columbia, Hawaii, and Puerto Rico, agricultural workers are excluded from unemployment insurance. Hawaii limits its coverage of agricultural workers to those units which employed 20 persons in each of 20 weeks in the current or the preceding calendar year, with the additional option of elective coverage. In Puerto Rico, agricultural employment is covered only in the sugarcane industry.

Partly because of the recently increased recognition of the need for improving economic conditions among farmworkers, additional research has been undertaken to determine the feasibility of extending coverage to them and to reevaluate the possible difficulties involved in such coverage.

Since 1959, the Bureau has been actively encouraging States to undertake studies of agricultural workers to obtain information about their employment and unemployment experience, and the employment and payroll practices of farm employers. The Bureau has in preparation a study guide to assist States in developing methodology and procedures for conducting agricultural coverage studies. Farmworker interviews provide information on the number who performed some agricultural work in the preceding year; the duration of their employment and unemployment; their earnings; seasonal and geographic patterns of work, including nonfarm work; types of wage payments received; and employer-employee relationship. Farm employer interviews provide information on the number and characteristics of farms using hired labor, type of farm labor used, fluctuations in employment, and payroll information.

Since 1959, some State employment security agencies, with the assistance of the Bureau, have conducted studies to investigate the feasibility of extending unemployment insurance coverage to farmworkers. Four States—Arizona, Connecticut, Nebraska, and New York—have collected data through personal interviews with farm employers and workers. Three of these States have issued reports on study results, and the fourth State, Nebraska, is about to issue its report. The Texas employment security agency is planning to conduct such interviews beginning in August 1964.

The published State studies show that the extent of farmworker unemployment reflects a need for unemployment insurance coverage. The studies indicate also that probable administrative problems would be less difficult than has been assumed, and that coverage would be feasible. Further similar studies, in other States, could provide



information that would be useful in determining how agricultral coverage could be achieved.

Nonprofit Organizations

Four States have provided fairly broad or near universal coverage of nonprofit organizations. Some nonprofit organizations have elected coverage on a voluntary basis. However, little more than 100,000 of the more than 1.7 million workers in the nonprofit field are covered.

Workers in nonprofit organizations have a wide range of occupations, and the work which they do is often the same as that of covered workers in profitmaking enterprises. The different kinds of occupations found in the nonprofit area include, for example, laboratory technician, nurse, teacher, electrician, stenographer, cook, waitress, elevator operator, and painter. About half of the nonprofit workers are employed by hospitals; educational institutions and voluntary welfare agencies account for most of the remainder.

Exemption of nonprofit organizations from unemployment insurance coverage has been justified on various grounds: That traditionally these organizations generally have been exempt from most forms of taxation, that—it has been assumed—they have a lower rate of involuntary separation, and that their functions differ from those of business enterprises. Available evidence indicates, however, that workers in nonprofit organizations are subject to considerable risk of unemployment, especially in certain types of nonprofit employment.

In 1961, the Bureau of Employment Security undertook to obtain financial data on the unemployment insurance experience of covered proprietary hospitals, reasoning that this experience would be very similar to that of nonprofit hospitals. This 14-State study, entitled *Financial Experience of Covered Hospitals as Compared With Total State Financial Experience in Selected States*, indicates that the unemployment in-

surance financial experience of hospitals compared favorably with statewide averages. In most cases, the average tax rate of covered hospitals was significantly lower than the average tax rate of all covered units in the States surveyed.

An analysis of the unemployment insurance financial experience of nonprofit organizations in Hawaii, based on 1958–60 data, shows that average unemployment rates were considerably lower for their employees than for workers in private employment, although there was enough unemployment among the nonprofit group to confirm the need for their being covered. Reflecting their lower unemployment rate, the cost of unemployment benefits for the nonprofit employers was about one-fourth that of private covered employers.

Recommendations for the extension of mandatory unemployment insurance coverage to employees of nonprofit organizations prompted the National Social Welfare Assembly in 1961 to conduct an exploratory study into the nature of unemployment and its impact in these organizations. The assembly appointed a Committee on Unemployment Insurance Coverage for Employees of Nonprofit Organizations. This committee set out to study the extent of unemployment in the voluntary health and welfare field; its comparability with the economy as a whole; its incidence for professional, clerical, and maintenance workers, for temporary and seasonal as compared to permanent employees, and for part-time workers. The committee wanted also to investigate the proportion of separations which are involuntary, and the extent to which separated workers would be eligible for benefits and their potential cost.

The results of this survey, which included the 1961 employment turnover experience of nonprofit organizations in the voluntary health and welfare field in California, Illinois, and Pennsylvania, were released in January 1964. The main finding was that employees of such nonprofit organizations do experience significant unemployment, although less than that of workers in commerce and industry generally. The survey covered 10,895 workers separated during the year, or one-half of the estimated 22,500 workers who were employed during the year by the organizations surveyed. It was found that nearly one out of five, or 18 percent, of the respondents did experience unemployment after they were separated, which is roughly 9 percent of all the workers during the year.

A few States have provided unemployment insurance coverage to workers in nonprofit organizations; hospitals employ about half of these workers.

Other separatees went directly to other employment or left the labor force. This 9-percent unemployment rate is about one-half of the 17-percent unemployment rate for all workers in 1961.

The data indicate very clearly that for workers in nonprofit organizations there is a strong seasonal influence on employment and separations. Many of these organizations show considerable labor turnover as a result of the temporary or seasonal nature of some activities, such as fund-raising drives and summer camps. While temporary seasonal workers accounted for only about a fourth of the average level of employment during the year, they made up over a third of the peak levels of the summer quarter, and nearly two-thirds of all the separations from employment during the year.

In general, the studies of nonprofit organizations indicate that while unemployment insurance would serve an important need, the costs of benefits for employees of nonprofit organizations in the health and welfare sector would generally be below most other industries.

State and Local Government Employees

State and local government workers are the largest labor force group that remains excluded from coverage under the Federal Unemployment Tax Act. They also constitute a rapidly growing segment of the labor force.

While employment is generally more stable in State and local governments than in private industry, public employees are subject to the risk of unemployment. Their loss of employment may be due to reductions in staff when appropriations are

(Continued on page 44)

Appraisal of State UI Reserve Funds

December 31, 1963

*Paschal C. Zecca**

ON DECEMBER 31, 1963, the $6.6 billion in the unemployment insurance reserve fund, representing the aggregate balance of the 52 separate State systems (the District of Columbia and Puerto Rico included), was approximately 2.3 percent of taxable wages and 1.4 percent of *total* wages in covered employment.

This was the second successive year since 1957 that year-end reserves have increased; up appreciably (8.2 percent) from a year earlier. Tax collections reached an alltime high of $3.0 billion in 1963, or 2.3 percent above the level of a year earlier; benefit payments totaled $2.8 billion, as compared with $2.7 billion in 1962. The increase in the tax yield reflects primarily the rise in aggregate wages during the year, since the average tax rate for calendar year 1963 was estimated to be at about the same level as for the preceding year—2.3 and 2.36 percent, respectively, of taxable wages. The $2.8 billion in benefit payments in 1963 represented a national cost rate of 2.16 percent of taxable wages and 1.28 percent of total wages, compared with the corresponding figures of 2.13 percent and 1.26 percent for 1962.

As a net effect of all financial transactions during the year—benefit payments, collections, interest earned on reserve funds, and loan transactions—total revenues for the year ending on December 31, 1963, exceeded total disbursements by $376 million, compared with a net accretion of $471 million during 1962.

What the current reserve level means in terms of a significant aspect of unemployment insurance financing revolves around the question of whether reserve funds are adequate to meet program needs or future costs. This involves long-run considerations, since the program is financed, in part, on the basis of accumulated reserves. With respect to the problem of the financial adequacy of the unemployment insurance reserve funds, therefore, the financial developments of any 1 year have particular significance only insofar as they are part of long-run trends. (See table 1.) With this limitation in mind, some of the more significant financial developments in 1963 merit attention. The

*Office of Actuarial and Financial Services, Unemployment Insurance Service, Bureau of Employment Security.

TABLE 1. SUMMARY OF TRENDS IN EMPLOYMENT, UNEMPLOYMENT,

POPULATION AND CIVILIAN LABOR FORCE 1/ (average monthly number of persons, in millions)								SELECTED UNEMPLOYMENT			
Calendar year	Population	Labor force	Employed			Unemployed	Not in labor force	Average monthly covered employment (in millions)	Wages in covered employment (in millions)		Average weekly insured unemployment (in millions)
			Total	Non-agricultural	Agricultural				Total	Taxable	
1954	112.8	64.5	61.2	54.7	6.5	3.2	48.4	35.4	$137,069	$ 96,539	1.86
1955	114.3	65.8	63.2	56.5	6.7	2.7	48.5	36.6	148,638	101,575	1.25
1956	115.9	67.5	65.0	58.4	6.6	2.6	48.3	39.0	164,508	109,816	1.21
1957	117.6	67.9	65.0	58.8	6.2	2.9	49.7	39.7	173,644	112,826	1.45
1958	119.3	68.6	64.0	58.1	5.8	4.7	50.7	38.1	171,521	109,144	2.51
1959	120.8	69.4	65.6	59.7	5.8	3.8	51.4	39.5	186,897	115,272	1.68
1960	122.9	70.6	66.7	61.0	5.7	3.9	52.2	40.2	195,086	119,260	1.91
1961	125.3	71.6	66.8	61.3	5.5	4.8	53.7	40.1	199,044	119,371	2.29
1962	127.3	71.9	67.8	62.7	5.2	4.0	55.4	41.3	212,576	125,497	1.78
1963	129.4	73.0	68.8	63.9	4.9	4.2	56.4	3/	3/	3/	1.79

1/ Noninstitutional population age 14 years and older. Source: U. S. Department of Labor, Bureau of Labor Statistics.

2/ For total unemployment. 3/ Not available.

two concluding sections of this article will discuss the problem of long-term considerations relevant to the financing of unemployment insurance.

Economic Developments in 1963

The impact of economic developments of the past several years on the financing of the unemployment insurance program, while not directly measurable, has been in the direction of relieving some of the pressures that imperiled the solvency of some State systems. The year 1963 was characterized by increasingly favorable economic activity in virtually all major sectors of the economy. The $30 billion increase in gross national product, a measure of total income or production, represented a 5-percent rise from 1962. Because of the comparatively little rise in the price level, the increase in gross national product, in large part, was the result of increased output. The advance was shared by all major markets. The noteworthy gains during 1963 were in cyclically sensitive markets: Consumer durables (5 percent), residential construction (8 percent), and business fixed investment (5 percent). Paralleling the rise in gross national product, national income (which consists of wages, rents, royalties, dividends, profits, and other types of payments) advanced $25 billion to a total of $478 billion in 1963. This represented a gain for all major shares of national income with the exception of the farm sector of the economy. Of the two largest components of national income, corporate profits increased substantially to $51 billion—a $4 billion gain—and both private and government wage and salary payments advanced moderately to $312 billion—a $15 billion increase.

In spite of these achievements, however, unemployment still presents an ever-increasing problem. In the last quarter of 1963, 5.6 percent of the civilian labor force was unemployed. The monthly variation in the unemployment rate from the yearly average of 5.7 percent was not large. This amounted to an average of 4 million persons out of work during 1963. Insured unemployed under the State programs, entitling these persons to receive benefits, average 1.8 million per week for 1963, slightly higher than the 1962 figure. This represented 4.3 percent of the average number in covered employment, about the same insured unemployment rate as for the previous year.

State UI Financial Developments

Financial developments become more meaningful when examined in terms of the individual States. The wide variations in State experience reflect the diversity of factors that operate, involving not only the financing provisions of State law but also factors associated with economic conditions. Some of the State differences in financial developments can be indicated by changes in reserves during calendar year 1963. (See tables 2 and 3.) Thirty-six States showed improved dollar reserve fund balances, while 16 States experi-

AND UNEMPLOYMENT INSURANCE FINANCING IN THE UNITED STATES, 1954–1963

INSURANCE DATA					UI FINANCIAL OPERATIONS (amounts in millions)				
Average weekly number of beneficiaries (in millions)	Average weekly benefit amount 2/	Average actual duration (weeks)	First payments (in millions)	Final payments (exhaustions, in millions)	Collections	Interest credited	Benefits paid	Reserve funds available, Dec. 31	Calendar year
1.61	$24.93	12.8	6.59	1.77	$1,136.2	$198.6	$2,026.9	$8,219.1	 1954
1.08	25.04	12.4	4.51	1.27	1,208.8	185.0	1,350.3	8,263.9	 1955
1.02	27.02	11.4	4.66	.98	1,463.3	199.6	1,380.7	8,573.6	 1956
1.23	28.17	11.6	5.72	1.14	1,544.3	220.4	1,733.9	8,662.1	 1957
2.22	30.54	14.8	7.83	2.50	1,471.0	199.0	3,512.7	6,952.7	 1958
1.46	30.40	13.1	5.82	1.67	1,955.7	177.9	2,279.0	6,892.2	 1959
1.64	32.87	12.7	6.75	1.60	2,288.5	194.5	2,726.7	6,643.3	 1960
2.00	33.80	14.7	7.07	2.37	2,449.7	176.1	3,422.7	5,802.0	 1961
1.53	34.56	13.1	6.07	1.64	2,952.1	173.4	2,675.4	6,272.9	 1962
1.54	35.27	13.3	6.04	1.57	3,019.1	194.5	2,774.7	6,648.0	 1963

TABLE 2. SUMMARY OF FINANCIAL ACTIVITIES OF STATE UNEMPLOYMENT INSURANCE FUNDS, CALENDAR YEAR 1963
(IN THOUSANDS)

State	Available reserve fund as of December 31, 1962 1/	Revenue during year			Disbursements during year				Available reserve fund as of December 31, 1963 1/
		Contributions collected 2/	Interest earned	Net reimbursements 3/	Net transfers to State administrative fund: Benefits paid	Penalties and interest 4/	Repayment of TUC funds expended	ESAFA withdrawals 5/	
United States	$6,272,863	$3,019,135	$194,487	42	$2,774,668	$1,234	$55,125	$1,187	$6,648,013
Alabama	52,776	37,554	1,905		23,986	41	2,173	7/211	66,245
Alaska	6,438	7,788	7		6,212				8,021
Arizona	63,235	12,697	2,047		12,263	67		7/ 12	65,661
Arkansas	30,496	11,936	932		12,648	39	1,145	7/ 37	29,569
California	623,557	490,604	19,830	8	489,644	1,768		1,115	641,473
Colorado	53,998	15,179	1,561		20,798	24			49,917
Connecticut	161,558	50,018	5,198		46,545	25			170,204
Delaware	12,485	10,271	140	1	6,907				16,289
Dist. of Col.	64,918	7,655	2,037		10,805				63,796
Florida	119,888	42,053	4,064		29,542	110		860	135,492
Georgia	143,715	30,714	4,748		22,561	101		321	156,134
Hawaii	17,712	7,319	495		10,414			7/ 15	15,127
Idaho	26,899	8,394	814		8,988	25			27,094
Illinois	388,505	169,929	12,528		145,942	69			424,950
Indiana	140,197	43,168	4,506		38,810	6/401		7/ 11	149,473
Iowa	105,294	10,641	3,348		11,372			7/ 2	107,912
Kansas	63,898	13,220	1,942		17,029	19		7/ 11	61,232
Kentucky	100,172	27,989	3,204		24,845			7/177	106,821
Louisiana	98,683	31,208	3,130		30,477	52		7/ 93	102,586
Maine	24,926	11,713	800		10,712	24		7/ 41	86,740
Maryland	95,751	63,981	3,373		38,977	96	2,658		121,374
Massachusetts	197,582	124,168	5,932		137,066			7/ 39	190,655
Michigan	207,463	184,551	4,615		91,535	130			304,965
Minnesota	37,472	29,939	950		38,867	48		7/ 67	29,513
Mississippi	33,564	18,024	1,146		12,586				40,228
Missouri	199,077	43,031	6,394		41,858			7/ 80	206,895
Montana	28,244	5,336	662		6,933			7/251	21,412
Nebraska	40,106	8,850	1,241		9,254	13		7/ 11	40,533
Nevada	20,802	11,813	733		7,489	19		308	25,837
New Hampshire	24,749	7,075	766		8,154	6/ 28			24,465
New Jersey	318,911	134,297	9,595		161,947				300,846
New Mexico	36,691	6,284	1,134		8,530			96	35,483
New York	1,095,731	502,031	35,688		451,608	962	23,048	3,117	1,154,714
North Carolina	190,016	42,729	6,137		37,773				201,108
North Dakota	6,772	5,258	207		4,580				7,657
Ohio	123,664	151,301	3,616		153,039	6/ 60		7/759	126,360
Oklahoma	35,755	20,873	1,177		17,580				40,224
Oregon	55,235	39,200	1,944		24,745			7/333	71,967
Pennsylvania	149,505	268,029	1,249		236,543	378	25,102		156,560
Puerto Rico	41,053	16,417	1,412	1	11,755	322			46,807
Rhode Island	38,547	19,893	1,223		17,500		998		41,165
South Carolina	76,159	17,466	2,479		15,593			110	80,401
South Dakota	16,115	2,724	487		3,692				15,635
Tennessee	66,956	35,972	2,145		30,916	36		176	73,943
Texas	240,923	49,767	7,149		66,610	185		862	230,481
Utah	38,474	10,908	1,225		10,623	29		7/ 9	39,984
Vermont	9,963	3,801	269		6,044	5			7,984
Virginia	106,693	27,341	3,607		14,337	61		7/147	123,390
Washington	199,772	53,167	6,434	1	57,318	18		7/115	202,154
West Virginia	45,105	28,607	1,579		17,109	17			58,165
Wisconsin	197,552	41,203	6,163	29	47,585	37		7/ 58	197,382
Wyoming	5,730	5,122	123		6,020	5			4,951

1/ Represents sum of balances at end of month in States' clearing account and benefit-payment account, and in State Unemployment Trust Fund Account in U. S. Treasury; State Unemployment trust fund balance in U. S. Treasury includes amounts credited to States' accounts in the Unemployment Trust Fund under the provisions of the Employment Security Administrative Financing Act of 1954 as amended. Includes outstanding advances from Federal account in Unemployment Trust Fund as follows:

December 31, 1962		December 31, 1963	
Alaska	$8,597,440	Alaska	$8,295,901
Michigan	$113,000,000	Michigan	$105,710,834
Pennsylvania	$112,000,000	Pennsylvania	$99,149,000

2/ Data represent contributions, penalties, and interest from employers, and contributions from employees in three States (Alabama, Alaska and New Jersey) which tax workers. Adjusted for refunds and for dishonored contribution checks.

3/ Includes net amount of reimbursements from the Federal Extended Compensation Account (TEC 1961), Manpower Development Training Act of 1962, and the Temporary Unemployment Compensation Act of 1958 to the Unemployment Trust Fund Account.

4/ Represents penalties and interest collected from delinquent employers and transferred to State's special administrative fund.

5/ For administrative expenses, in accordance with the provisions of the Employment Security Administrative Financing Act of 1954 as amended; subsequent redeposits to trust fund may occur.

6/ Represents excess of penalty and interest money transferred to the trust fund over such money transferred to the States' special administrative fund.

7/ Represents redeposits to trust fund.

TABLE 3. SELECTED FINANCIAL DATA ON STATE UNEMPLOYMENT INSURANCE PROGRAMS, CALENDAR YEARS 1962 AND 1963 BENEFIT, RESERVE, AND TAX RATES

State	Tax base $3,000 except as shown	Average employer tax rate: Contributions due as a percent of:				Cost rate: Benefits as a percent of:				Reserve ratio: Funds available as of December 31, as a percent of			
		Taxable wages [1]		Total wages		Taxable wages [1]		Total wages		Taxable wages [1]		Total wages	
		1963 [2]	1962	1963 [3]	1962	1963 [4]	1962	1963 [4]	1962	1963 [4]	1962	1963 [4]	1962
UNITED STATES..		2.3	2.36	1.4	1.39	2.16	2.13	1.28	1.26	5.18	5.00	3.06	2.95
Alabama.....		[5]/2.1	[5]/1.89	[5]/1.4	[5]/1.22	1.60	1.84	1.04	1.19	4.42	3.62	2.87	2.35
Alaska.....	$7,200 (1/60)	[5]/2.9	[5]/2.76	[5]/2.4	[5]/2.31	2.79	2.99	2.34	2.50	[6]/3.61	[6]/2.96	[6]/3.02	[6]/2.48
Arizona.....		1.5	1.42	.9	.84	1.48	1.43	.88	.85	7.91	7.79	4.73	4.65
Arkansas.....		1.4	1.43	1.0	1.03	1.58	1.66	1.14	1.20	3.69	3.99	2.67	2.88
California.....	$3,800 (1/62)	3.1	3.08	2.0	1.97	3.07	2.78	1.97	1.77	4.02	4.07	2.58	2.60
Colorado.....		1.3	1.34	.8	.79	1.88	1.86	1.10	1.09	4.51	4.92	2.64	2.89
Connecticut....		2.1	2.09	1.2	1.16	1.97	1.84	1.09	1.01	7.20	7.00	3.97	3.87
Delaware.....	$3,600 (1/55)	2.2	2.46	1.3	1.44	1.58	1.96	.93	1.14	3.74	3.00	2.19	1.75
Dist. of Col...		1.0	.98	.6	.56	1.38	.89	.79	.51	8.14	8.49	4.66	4.88
Florida.....		1.3	1.84	.8	1.19	1.05	1.21	.68	.78	4.80	4.39	3.11	2.84
Georgia.....		1.4	1.40	.9	.93	1.02	1.17	.68	.77	7.08	6.78	4.70	4.49
Hawaii.....	$3,600 (1/62)	1.3	1.25	.9	.89	2.26	2.42	1.62	1.72	3.28	3.96	2.35	2.82
Idaho.....	$3,600 (1/63)	2.1	2.45	1.4	1.60	2.49	2.54	1.66	1.66	7.51	7.37	5.01	4.82
Illinois.....		2.1	2.20	1.1	1.18	1.81	1.80	.96	.97	5.27	4.83	2.79	2.59
Indiana.....		1.2	1.34	.7	.75	1.14	1.35	.64	.75	4.40	4.24	2.46	2.37
Iowa.....		.8	.78	.5	.47	.87	1.14	.52	.68	8.30	8.35	4.98	5.00
Kansas.....		1.2	1.24	.7	.75	1.64	1.49	.98	.89	5.90	6.17	3.53	3.70
Kentucky.....		2.0	2.16	1.3	1.36	1.86	2.02	1.17	1.27	7.99	7.73	5.01	4.84
Louisiana.....		2.0	1.83	1.2	1.13	1.91	2.20	1.17	1.35	6.43	6.39	3.95	3.93
Maine.....		2.3	1.98	1.6	1.34	1.96	1.84	1.32	1.24	4.89	4.56	3.30	3.09
Maryland.....		3.2	3.21	1.9	1.92	1.86	2.26	1.12	1.35	5.80	4.72	3.49	2.83
Massachusetts..	$3,600 (1/62)	2.6	2.61	1.7	1.72	2.76	2.42	1.81	1.59	3.84	4.02	2.52	2.65
Michigan.....	$3,600 (4/63)	3.0	2.98	2.1	1.52	1.63	2.13	.86	1.09	[6]/5.45	[6]/3.89	[6]/2.85	[6]/1.98
Minnesota.....		1.5	1.52	.9	.86	1.90	1.82	1.07	1.03	1.44	1.86	.82	1.05
Mississippi....		2.4	2.02	1.7	1.46	1.62	1.62	1.17	1.17	5.17	4.52	3.75	3.26
Missouri.....		1.5	1.51	.9	.87	1.45	1.57	.84	.91	7.17	7.11	4.14	4.10
Montana.....		1.9	1.59	1.2	1.03	2.01	2.16	1.30	1.39	6.20	6.59	4.01	4.26
Nebraska.....		1.3	1.25	.8	.77	1.35	1.33	.84	.83	5.91	5.90	3.66	3.65
Nevada.....	$3,600 (1/54)	2.7	2.37	1.8	1.55	1.72	1.55	1.16	1.01	5.94	5.32	4.01	3.48
New Hampshire..		1.6	1.61	1.1	1.07	1.87	1.37	1.23	.91	5.61	5.69	3.70	3.78
New Jersey.....		[5]/2.5	[5]/2.53	[5]/1.4	[5]/1.37	3.25	2.93	1.76	1.59	6.03	6.51	3.27	3.53
New Mexico.....		1.4	1.31	.9	.81	1.80	1.81	1.10	1.12	7.48	7.71	4.60	4.75
New York.....		3.3	3.44	1.8	1.87	2.92	2.62	1.58	1.43	7.47	7.13	4.05	3.89
North Carolina.		1.6	1.47	1.1	1.04	1.43	1.39	1.00	.98	7.59	7.39	5.35	5.20
North Dakota...		2.5	2.44	1.6	1.58	2.17	2.25	1.41	1.45	3.63	3.39	2.36	2.20
Ohio.....		2.1	2.12	1.1	1.14	2.11	2.44	1.13	1.31	1.74	1.73	.94	.93
Oklahoma.....		1.9	1.86	1.2	1.14	1.58	1.52	.97	.93	3.62	3.27	2.21	2.00
Oregon.....	$3,800 (1/60)	2.7	2.70	1.9	1.88	1.72	2.02	1.21	1.42	5.01	3.99	3.53	2.80
Pennsylvania...		3.2	3.26	1.8	1.88	2.82	3.03	1.62	1.74	[6]/1.87	[6]/1.79	[6]/1.07	[6]/1.03
Puerto Rico....		2.7	2.70	2.3	2.31	2.12	1.89	1.80	1.61	8.46	7.78	7.18	6.61
Rhode Island...	$3,600 (1/56)	2.7	2.70	1.9	1.91	2.36	2.14	1.67	1.52	5.56	5.25	3.94	3.73
South Carolina.		1.3	1.09	.9	.78	1.26	1.13	.90	.81	6.48	6.32	4.64	4.52
South Dakota...		1.2	1.31	.8	.85	1.56	1.16	1.00	.75	6.59	6.61	4.26	4.28
Tennessee.....	$3,300 (1/63)	1.8	1.75	1.2	1.15	1.55	1.70	1.04	1.11	3.72	3.53	2.48	2.31
Texas.....		.9	.92	.6	.56	1.25	1.12	.76	.68	4.33	4.61	2.62	2.80
Utah.....		2.0	1.43	1.2	.85	1.84	1.53	1.09	.91	6.93	6.78	4.11	4.02
Vermont.....		1.8	1.61	1.2	1.06	2.75	2.21	1.81	1.45	3.64	4.63	2.40	3.04
Virginia.....		1.0	1.31	.7	.85	.67	.70	.43	.45	5.73	5.16	3.74	3.35
Washington.....		2.7	2.70	1.5	1.53	2.86	2.51	1.61	1.42	10.08	9.96	5.67	5.66
West Virginia..	$3,600 (1/62)	2.7	2.70	1.8	1.77	1.62	1.82	1.06	1.19	5.52	4.32	3.61	2.83
Wisconsin.....		1.6	1.40	.9	.78	1.84	1.76	1.03	.98	7.64	7.78	4.26	4.34
Wyoming.....		2.7	1.66	1.7	1.05	3.18	3.49	1.99	2.23	2.61	2.95	1.64	1.88

1/ Taxable wages are those portions of the aggregate wages in covered employment which are subject to State unemployment insurance taxes. Taxable wages are limited to the first $3,000 of earnings in all States except 12.
2/ Estimates of average employer tax rates prepared by State employment security agencies.
3/ Estimated by Bureau of Employment Security.
4/ Based on wages for 12 months ended June 30, 1963.
5/ Excludes employee contributions.
6/ The reserve on which this ratio is based includes the amount advanced from the Federal Unemployment Account and not repaid. See table 2, footnote 1.

enced declines during calendar year 1963. In relative terms, the increases in reserves varied from 1 percent to 47 percent, and the decreases from 1 percent to 21 percent. These changes in States' reserves are primarily the result of employer tax collections and benefits paid to the insured unemployed. In 39 States, collections in 1963 were higher than in the previous year. Increases in these States ranged from less than 1 percent to 58.3 percent; the decreases in the remaining 13 States varied from less than 1 percent to 29.3 percent. Variation in benefit payments between 1962 and 1963 by State were likewise wide—28 States experiencing increases (0.7 percent to 58.9 percent) and 24 States experiencing decreases (0.2 percent to 20.6 percent).

Financing the UI Program

Although the financing of unemployment insurance involves 52 separate systems, conveniently classified into 6 different types of experience-rating plans, and with widely varying provisions in State laws, certain cardinal principles on financing benefits are basic and have equal application to all systems. Sufficient income must be received to match outgo over a period of time so that the high costs of bad years and the low costs of good years are averaged out to a level that avoids highly fluctuating tax rates. Averaging costs in this way is based on sound financing concepts, as related to many economic considerations, not the least of which is that the tax burden can more easily be financed. This financial arrangement provides for accumulated reserves at a level necessary to meet benefit costs of recession years.

One of the most crucial problems in the financing of unemployment insurance upon which increasing attention has been focused in the last decade relates to the question of adequacy of reserves to meet the benefit payments in a prospective recession period. Each recession leaves some States with reserve balances too low to meet future costs or even current costs. The drain on reserves to a point where solvency is endangered generally results from inadequate financial practices and policies which a State may have followed over a long period of time.

A Measure of Reserve Fund Adequacy

The financial strength of the unemployment insurance program in the various States may be measured by first taking the highest consecutive 12-month cost rate (benefits as a percent of *total* wages) during the last decade. This would indicate the "worst" benefit cost experience, within comparatively recent years, that might recur. The next step is to take the current reserve ratio (reserves as a percent of *total* wages), and express it as a multiple of the highest 12-month cost rate. Ratios of benefit payments and of reserve levels rather than absolute amounts are used to assure comparability of cost levels over a period of time in relation to economic factors.

On the basis of this measure of reserve-fund adequacy, on December 31, 1963, total reserves of $6.6 billion, representing 3.06 percent of total wages in 1963, amounted to 1.49 times the highest consecutive 12-month cost rate in the last decade, compared with a multiple of 1.44 at the end of the previous year. (See table 4.) This is a little below the 1.5 figure set as the full benefit cost of a recession, or, stated in another way, on the average current reserves are at a level just about high enough to finance the costs of a recession as severe as the most severe one experienced during the last decade.

State comparisons of this measure reveal significant results. Six States had multiples of less than 1.0—well below the minimum standard of adequacy—and 17 other States had multiples of less than 1.5. The corresponding numbers for the previous year were 7 and 16. States with the lowest multiples included the three States which have borrowed from the Federal loan fund: Alaska (with a multiple of 0.52), Michigan (0.54), and Pennsylvania (0.34). A multiple of at least 2.0 was indicated for 21 States; 9 States had a multiple of 3.0 or more, and 4 States had a multiple of 4.0 or more. Even when allowance is made for a number of considerations in these State comparisons, the indication is quite clear that a number of State funds are not within the safe margin of protection to weather a severe recession.

A reserve equal to 1.5 times the highest 12-month costs rate was determined as the rough indicator of the *minimum* adequate level, on the basis of an analysis of the full cost of a recession. While the 1.49 multiple for all States combined, therefore, indicates just about an adequate minimum reserve level, some reservations need be pointed out. A reserve ratio of 1.5 times the highest 12-month benefit cost rate during the worst recent period provides a guide to the *minimum* reserve level required to finance a similar recession in the future. Future recession costs, however,

TABLE 4. RESERVE RATIO (RESERVES AS PERCENT OF TOTAL WAGES) AT END OF SPECIFIED PERIOD AS A MULTIPLE OF HIGHEST 12-MONTH BENEFIT COST RATE (BENEFIT PAYMENTS AS PERCENT OF TOTAL WAGES) DURING THE PRECEDING 10-YEAR PERIOD

State	December 31, 1963				December 31, 1962			
	Reserve ratio 1/ (Percent)	Highest consecutive 12-month cost rate 1954-1963		Multiple of reserve ratio to highest cost	Reserve ratio (Percent)	Highest consecutive 12-month cost rate 1953-1962		Multiple of reserve ratio to highest cost
		Rate 1/ (Percent)	12 months ending 2/			Rate (Percent)	12 months ending	
UNITED STATES.....	3.06			1.49	2.95	2.05	Dec. 1958	1.44
Alabama.....	2.87			1.49	2.35	1.93	Nov. 1958	1.22
Alaska.....	3/ 3.02			.64	3/ 2.48	4.75	Nov. 1958	.52
Arizona.....	4.73			4.38	4.65	1.08	Aug. 1961	4.31
Arkansas.....	2.67			1.52	2.88	1.76	Aug. 1961	1.64
California.....	2.58			1.14	2.60	2.26	May 1961	1.15
Colorado.....	2.64	1.26	May 1963	2.10	2.89	1.13	May 1961	2.56
Connecticut.....	3.97			1.38	3.87	2.87	Jan. 1959	1.35
Delaware.....	2.19			1.37	1.75	1.60	Feb. 1959	1.09
Dist. of Col.....	4.66	.79	Nov. 1963	5.90	4.88	.69	Dec. 1958	7.07
Florida.....	3.11			2.75	2.84	1.13	Oct. 1961	2.51
Georgia.....	4.70			2.96	4.49	1.59	Nov. 1958	2.82
Hawaii.....	2.35			1.27	2.82	1.85	July 1962	1.52
Idaho.....	5.01			2.24	4.82	2.24	Aug. 1961	2.15
Illinois.....	2.79			1.62	2.59	1.72	Feb. 1959	1.51
Indiana.....	2.46			1.42	2.37	1.73	Nov. 1958	1.37
Iowa.....	4.98			5.13	5.00	.97	Dec. 1961	5.15
Kansas.....	3.53			2.58	3.70	1.37	Feb. 1961	2.70
Kentucky.....	5.01			1.74	4.84	2.88	Feb. 1955	1.68
Louisiana.....	3.95			2.03	3.93	1.95	Oct. 1961	2.02
Maine.....	3.30			1.16	3.09	2.84	Oct. 1958	1.09
Maryland.....	3.49			1.59	2.83	2.19	Dec. 1958	1.29
Massachusetts.....	2.52			1.22	2.65	2.06	Oct. 1958	1.29
Michigan.....	3/ 2.81			.77	3/ 1.98	3.69	Dec. 1958	.54
Minnesota.....	.82			.48	1.05	1.70	Dec. 1958	.62
Mississippi.....	3.75			1.79	3.26	2.09	Nov. 1954	1.56
Missouri.....	4.14			3.29	4.10	1.26	Nov. 1958	3.25
Montana.....	4.01			1.32	4.26	3.03	Oct. 1958	1.41
Nebraska.....	3.66			3.73	3.65	.98	Oct. 1958	3.72
Nevada.....	4.01			1.46	3.48	2.75	Oct. 1958	1.27
New Hampshire.....	3.70			1.75	3.78	2.12	Oct. 1954	1.78
New Jersey.....	3.27			1.24	3.53	2.63	Nov. 1958	1.34
New Mexico.....	4.60			2.80	4.75	1.64	Oct. 1961	2.90
New York.....	4.05			1.86	3.89	2.18	Feb. 1959	1.78
North Carolina....	5.35			2.83	5.20	1.89	Nov. 1954	2.75
North Dakota.....	2.36			1.27	2.20	1.86	Nov. 1961	1.18
Ohio.....	.94			.39	.93	2.44	Dec. 1958	.38
Oklahoma.....	2.21			1.65	2.00	1.34	Aug. 1961	1.49
Oregon.....	3.53			1.24	2.80	2.85	Sep. 1958	.98
Pennsylvania.....	3/ 1.07			.35	3/ 1.03	3.02	Jan. 1959	.34
Puerto Rico 4/....	7.18	1.99	Oct. 1963	3.61	6.61	1.61	Dec. 1962	4.11
Rhode Island.....	3.94			1.27	3.73	3.11	Oct. 1954	1.20
South Carolina....	4.64			3.01	4.52	1.54	Dec. 1954	2.94
South Dakota.....	4.26	1.00	Aug. 1963	4.26	4.28	.87	Feb. 1961	4.92
Tennessee.....	2.48			1.14	2.31	2.18	Jan. 1958	1.06
Texas.....	2.62			2.67	2.80	.98	Jan. 1959	2.86
Utah.....	4.11			2.98	4.02	1.38	Nov. 1958	2.91
Vermont.....	2.40			1.11	3.04	2.17	Oct. 1961	1.40
Virginia.....	3.74			3.86	3.35	.97	Jan. 1959	3.45
Washington.....	5.67			2.58	5.66	2.20	May 1961	2.57
West Virginia.....	3.61			1.24	2.83	2.90	Jan. 1955	.98
Wisconsin.....	4.26			2.34	4.34	1.82	Jan. 1959	2.38
Wyoming.....	1.64	2.44	May 1963	.67	1.88	2.23	Dec. 1962	.84

1/ Due to a 6-month lag in reporting wages, reserve ratios and cost rates for December 31, 1963, have as their base wages for the 12-month period ending 6 months prior.
2/ No change in high cost rate since December 31, 1962, unless otherwise indicated.
3/ The reserve on which this ratio is based includes the amount advanced from the Federal Unemployment Account and not repaid. See table 2, footnote 1.
4/ Puerto Rico covered under Federal Unemployment Tax Act, January 1, 1961.

may vary for different States because of economic developments which may have substantially changed the sensitivity of the State economy to economic fluctuations.

The multiple measure of reserve-fund adequacy was developed by the staff of the Bureau of Employment Security. Although a multiple of 1½ has been accepted as a *minimum* adequate standard, this is not in any way a precise measure but rather a valuable tool for measuring the financial strength of the unemployment insurance programs in the various States. No single measure can substitute for periodic actuarial cost studies that take into account both past experience and probable future developments not only in financing but also in the broader area of economic issues.

Issues Reflected in Recent Appeals Decisions*

Quit To Go to Another Job—Good Cause?

A TYPICAL want ad in the newspapers these days may read something like this: "LET'S FACE IT! *If* your family had everything you would not be reading this ad; *if* your present job supplied all your needs both economically and professionally, your interest would be in the news section and not the want ads; so, *if* you want to increase your earnings and gain more prestige—SEE US NOW!"

There are workers who have taken jobs other than those they want, princially because of financial obligations or other reasons that restrict their freedom of choice. For them the desire to get ahead will often provide an inducement to investigate the possibilities of other work. These investigations may possibly lead to better employment; however, the success contemplated is not always achieved. Frequently a person will give up permanent employment to accept other employment only to find himself unemployed because the offer of work failed to materialize or his new job did not last. At this point it becomes a matter of concern to the unemployment insurance technician who must determine whether or not the individual whose unemployment is due to such an undertaking can be said to have had good cause for quiting his job.

"Good cause" for leaving work under some State laws is not further defined and in some it is described as compelling or necessitous reasons. Other States require "good cause" to be connected with the work or attributable to the employer or the employment. The determination of "good cause" may require examination of the reasons for the claimant's failure to acquire the new job, the nature of the new work, or the causes for an early dismissal from the new employment. In 10 States the matter has received special legislative attention. These States provide an exception to their law which allows benefits to claimants who leave their jobs to accept other employment provided that they meet certain conditions.

An illustration is provided by the Michigan Unemployment Security Act. Under the Michigan law, if an individual leaves his work voluntarily without good cause attributable to the employer to accept permanent full-time work with another employer, and, during the 39 weeks following his separation, he is laid off for lack of work by his new employer, enough of his credit weeks with the old employer whom he voluntarily left are reinstated so that the total number of weeks of benefits available to him from all employers at the time of such layoff will not be less than if he had been laid off by the old employer. This was applied in a recent Michigan Circuit Court decision (*Patrick Alexander* v. *Detroit*

*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

Divco Truck Sales, Inc. et al., No. 32633, Wayne County March 19, 1963 (CCH—Mich., par. 8949). The claimant was employed by Detroit Divco Truck Sales as a serviceman and truckdriver from November 16, 1960, until August 9, 1961, when he voluntarily left his employment to accept permanent full-time work with M. Jacob & Sons. He was employed by M. Jacob & Sons until September 15, 1961, at which time his service was terminated. The testimony of Mr. Martin Jacob showed that the claimant was released because he was not catching on fast enough and did not do the job that was necessary. It was the claimant's testimony that whenever he made a mistake in filling an order, his foreman would become very angry and would report to management that the claimant was not catching on fast enough, and, as a consequence, he was terminated. The court, in affirming the appeal board's denial of benefits, stated:

> It is clear by the record that the claimant voluntarily left his work with Detroit Divco Truck Sales without good cause attributable to the employer and should be disqualified * * *. The crux is whether or not certain of these credit weeks which are canceled by such disqualification should be reinstated under the provisions of section 29(1)(a) of the act on the basis that he left his work with Detroit Divco Truck Sales in order to accept permanent full-time work with M. Jacob & Sons, from which he was subsequently laid off for lack of work.
>
> * * * * *
>
> It is clear from the record that the claimant was discharged from his second position with M. Jacob & Sons because he could not get along with his employer. The question for decision is whether this is a layoff for "lack of work" under the terms of section 29(1)(a). The claimant contends that the phrase "lack of work" should be broadly construed by the court to cover layoffs similar to that in the instant case. He states the contention claimed for by the commission would result in disqualification so long as the second employer shows that the termination of the employment was for any reason other than that of reduced production resulting from economic reasons.
>
> The arguments of claimant are convincing legislatively, but not judicially. The language of the statute is clear and unambiguous. Under its terms the only basis for reinstatement of benefits is a layoff for lack of work. The legislature could not have been more specific in its language and this court has no authority but to interpret the clear and unambiguous language of the statute.
>
> It is argued that the great remedial purposes of the Unemployment Compensation Statute should mandate a construction allowing benefits. In situations where there is room for interpretation, certainly the court must always interpret this statute so as to give effect to the redemial purposes of the legislation, but in the instant case there is no room for interpretation. The language of the statute is utterly clear and unambiguous.

A similar question in which the reason for separation for the new work was a key fact was the subject of a recent decision by the New Jersey Board of Review (No. 53910–D–R, August 17, 1962, VL–365.1–25, BSSUI). The claimant, a head cashier earning $60 a week, had been attending night school pursuing the course of dental assistant. Before completion of the course she applied for work with a dentist who, after receiving full knowledge that her course was not completed, offered to hire her at $50 a week. The claimant then, after receiving assurance that the work was permanent and would result in better pay after graduation, accepted the offer and left her job as head cashier. However, on the last day of the first week's work, without any notice the dentist discharged her, indicating he had obtained a more experienced girl. In granting benefits, the board said:

> In this case the dentist knew fully the claimant's qualifications. She did not falsify them. She was not accepting new employment in the hope that she could fool the employer into retaining her but had a solid foundation under the agreement between her prospective employer and her. If the new employer had dealt fairly with the claimant, he would not have discharged her after but 1 week. The claimant had no reason to believe that lack of qualifications would have resulted in such short-term employment. Under these circumstances a claimant who leaves one job to accept what clearly and unequivocally appears to be a better job has good cause attributable to the work for leaving the prior employment.

In these two cases, both claimants suffered an early discharge from their new employment. The decision in one case rested on the new employer's release of the claimant contrary to the conditions of hire upon which both had agreed. In the other case, the only factor the court considered was whether or not the new job was lost as a result of a lack of work.

Another decision in which the type of work the claimant left his job to accept was a factor was made by a Virginia appeal examiner. This decision (No. UCFE–464–460, January 24, 1964, unp.) stressed the effect of accepting permanent or temporary work. A claimant who worked from September 26, 1963 to November 23, 1963, as a cashier in the diningroom was originally employed at the rate of $125 per month plus meals and, after learning the work, the rate was increased to $140. Her hours of work usually were from 7 a.m. until 2 or 3 p.m. and 1 or 2 nights per week. The claimant quit this employment because she did not feel that her earnings were sufficient, and also to ac-

cept employment at one of the tobacco warehouses as an office clerk at a rate of $12 per day, working every other day. This employment continued from November 26 to December 11, 1963, when she was laid off. The appeals examiner denied benefits stating:

> The commission has generally held that an individual has good cause to quit a job if she does so for the purpose of accepting other employment which she feels to be more beneficial to her, provided that she has every reason to believe that such employment is permanent. The records before the examiner show that the claimant quit her most recent 30-day employer to accept work in a tobacco warehouse. She was aware that this was seasonal work which normally only lasts for a few weeks. Thus, it is the opinion of the examiner that the claimant by giving up full-time permanent employment to accept work which she knew would be temporary did leave her employment voluntarily and without good cause.

Similarly, a South Dakota referee's decision (No. 5359, December 31, 1963, unp.) emphasized permanent employment and the sharp differences in wages. The claimant was employed by X as an underground laborer from November 26, 1962, until April 13, 1963, receiving an hourly rate of between $1.80 and $1.90 and averaging approximately $400 gross per month. He worked an 8-hour shift 6 days per week, working the day shift for a period of 2 weeks and then alternating with the night shift for a period of 2 weeks. The employment was year-round work. The claimant had prospects of work with Y for whom he had previously worked, and 2 weeks prior to his separation from X contacted Y and received an offer of assured work for the 1963 season. The claimant left his job with X and commenced work for Y on April 15, 1963 as laborer at the rate of $1.25 per hour. He worked from 55 to 60 hours per week at straight time. He voluntarily left Y on June 30, 1963. The work with Y had been seasonal each year. The claimant stated that he had asthma and the dust bothered him on X's job, however, he had not consulted a doctor during his employment and was not bothered to any degree at the time he left. The referee in denying benefits concluded that:

> His work with X was steady year-round employment and he quit that job to take seasonal work. Further, the claimant terminated from a job where he had averaged approximately $400 per month to accept employment where he would earn approximately $300 per month. Such actions on the part of the claimant do not constitute good cause for that separation. The claimant had contended that the dust in the mine bothered him, but he did not consult a doctor about his health and though he did not like the work he had not shown that work conditions were unsatisfactory.

Another aspect of the problem confronting the unemployment insurance technician arises when the claimant, after accepting a definite offer of employment, leaves his job only to find that certain circumstances have intervened and prevented his new job from materializing. A typical illustration is a decision of the Arizona appeal tribunal (No. UCX–39–63, January 6, 1964, unp.). The claimant worked for X as an electrician for $1.75 an hour. On August 7, 1963, he received a job offer to work for Y at $3.10 an hour and was to report to work at 8 a.m. on August 8, 1963. He resigned from X at the end of the shift on August 7, 1963. The next morning he reported to work for Y but was late. He was told to report at 8 a.m. on August 10, 1963. He again was late and the employer refused to hire him. According to the claimant, his car broke down on August 7, 1963, and was put in a garage for repairs. It was still inoperative on August 10, so that he had to hitchhike. He did not tell the employer he was late the first time because of lack of transportation, but that he was delayed because of turning in his tools on his last job. He stated that no reason was given the second time because the employer did not give him the opportunity. The Appeal Tribunal, in affirming the deputy's decision that the claimant voluntarily quit his job without good cause in connection with the work, quoted the Commission manual of policy which provided:

> Leaving solely to accept an offer of employment with another employer shall be deemed to be for compelling personal reasons not attributable to the employer and not warranting disqualification for benefits when the offer is bona fide and definite and gives assurance of more permanent work under better conditions or with substantially higher wages, or both, and, if the prospective employment fails to materialize, when the claimant has definitely conveyed his acceptance to the employer but was prevented by circumstances not within his or his prospective employer's control from commencing the employment * * *.
>
> In this case the claimant had a definite offer of work at the time he quit his job with X, but the tribunal does not believe he was without fault in failing to start to work on the new job. If the true reason for his late reporting was the lack of transportation, why did he not make this known to the employer the first time he was late? It does not appear unreasonable that temporary transportation may have been arranged with other workers or the employer may have given the claimant a few days to provide himself with transportation. There is no evidence the claimant took any precaution to protect

his job offer and thus cannot properly claim his failure to start on the job was not within his control.

In a Rhode Island Board of Review decision (No. 3602 UC, dated February 7, 1964), the claimant held two jobs—a full-time night job as maintenance man and a 4-hour-per-day job in the morning. He was laid off from his maintenance job because the employer needed a man capable of doing work for which the claimant was not qualified. Being unable to live on his part-time pay, he sought full-time work from his employer and, upon discovering that none was available, applied for full-time porter's work and was accepted and instructed to report for work on December 30, 1963. In view of his new job he did not return to his part-time work. He reported for work on the new job December 30, 1963, his lunch box in hand, but was told that he could not be employed because the physical examination had disclosed diabetes and high blood pressure. The board in reversing the disqualification of the director stated:

> The board is of the opinion that claimant left his part-time employment only because he had been accepted for full-time employment. Leaving one job in order to better himself by taking another job for which he was definitely employed does not constitute any disqualification for leaving the old job, even though for some intervening reason the new employment fails to materialize. It is clear that claimant was definitely hired at his new full-time job on December 16, 1963, with an effective date of reporting for work on December 30, 1963.

Similarly, an Alaska Commissioner of Labor decision (No. AW-906, dated February 2, 1962) turned principally on a closing of a mill where a claimant was to start his new job. The claimant was a truckdriver employed by M in Anchorage from March 15, 1959, until September 29, 1961, when he resigned to accept a position as a truckdriver for N in Wasilla, Alaska. The evidence disclosed that this was a bona fide offer of permanent work. However, due to a temporary closing of the mill at Wasilla, claimant was unable to begin his job for N immediately. The commissioner, in setting aside the disqualification of the appeal referee, stated:

> Where a claimant leaves one permanent job to accept other employment and the facts show he had a definite assurance that he was to have new permanent employment, good cause will be found to exist even though the new work fails to materialize for some reason which is not the claimant's fault.
>
> In the instant case, the claimant did have a definite offer of permanent work. The facts disclose that the failure to begin his work immediately was not the claimant's fault but was due to circumstances beyond his control * * *.

These cases represent some of the unemployment insurance claims problems for workers who become unemployed while attempting a transition from one job to another. The opportunity for advancement is a principal advantage in the free enterprise system and ambition is a desirable worker trait. Should unemployment insurance disqualifications place the entire risk on the worker who attempts to obtain another job? Should an employer, who is not at fault in such cases, share the risk? Or where claimants have become unemployed, despite reasonable planning, in changing jobs, may unemployment insurance claims be allowed and considered a reasonable part of the employer's cost of doing business?

Unemployment Insurance Decisions*

Dermatology

Nevada.—A claimant who moved from Hackensack, N.J., to Las Vegas, Nev., experienced a skin discoloration, and so did one of her children. A doctor advised her that this was probably due to the heat and dryness, and that if she could not adjust to this during the first summer, she probably would never adjust to it. The claimant accepted work as a secretary and continued employment until the following year in May when the discoloration returned. The claimant did not consult a dermatologist but quit her job and returned to New Jersey. A Nevada referee's decision (A-11-793, November 18, 1963) acknowledged the unpleasantness of the claimant's prospect in having the discoloration return each hot season, but held that she had left without good cause when there was no major discomfort and she had not consulted a dermatologist.

Illegal Practice

New York.—A New York Referee Decision (TEC-98-63, January 8, 1964) held that claimant had made false statements to obtain benefits, and benefits paid to him were recoverable when he had failed to divulge that during the period he was making claims he was engaged in daily practice as a chiropractor. The referee found that

*Prepared in Division of Determinations and Hearings, Office of State Operations, Unemployment Insurance Service, Bureau of Employment Security.

the claimant was not totally unemployed desipte the claimant's contention that consideration could not be given as a matter of law to his practice as a chiropractor because his practice was, during the period in question, illegal.

Smoking Break

South Carolina.—A rag sorter quit her job when she was given the choice of discontinuing her practice of washing up before the quitting time of 5 p.m., or of having her smoking breaks reduced to one a day. The employer, following a wage increase, announced the limitation of two breaks a day, which would have allowed the claimant to use the afternoon break either for smoking or the late afternoon washup. The South Carolina Appeals Decision (No. 64–A–193, February 6, 1964) held that the rule was a reasonable one and that the claimant's leaving was without good cause.

Involuntary or Voluntary Retirement

Texas.—A Texas Employment Commission Decision (Appeal No. 9836–CA–63, January 7, 1964) considered the claim of a chemical company worker who had been separated under a special early retirement plan announced by the company. At the suggestion of his supervisor that he sign up for the early retirement, the claimant sent a memorandum to the home office of the company requesting information. After receiving it, he was advised by the supervisor to give early retirement serious consideration. He then requested permission to talk to the plant manager prior to committing himself. At this conversation the plant manager insisted that the claimant had already been retired and that his first retirement check had been issued. He advised the manager that he had signed no papers and made no request for retirement, but when he was again informed by the manager that, in his opinion, he was already retired, he returned to the supervisor's office, accepted his first retirement check, and the fact of retirement. Reviewing these circumstances, the Commission held that the claimant's retirement was at the instance of the employer and did not represent a voluntary separation from work by the claimant.

Sick Leave?

Washington.—A nursing assistant at a veterans' hospital who became ill with influenza was sent home by the staff physician and her supervisor. She remained away from work on August 5, 6, and 7. When the employer learned that she had been married on August 6, she was discharged for violation of leave privileges. A decision of the Washington Commissioner of the Department of Employment Security (Docket No. F–1546, January 21, 1964) acknowledged that the claimant might have been well enough to work but also that she might logically have had an obligation not to expose sick patients to her malady. The commissioner said that an imprudent action in an isolated instance does not constitute misconduct and that, in his opinion, her marriage while ill and on leave fell within a category of a good-faith error in judgment and discretion rather than an intentional disregard of the employer's interest.

Trends in the Economy*

THE long upturn in the Nation's economy showed little signs of slowing as business activity in March and early April continued to climb from record levels. By the middle of April, the current expansion will have passed its 38th month since the trough of the 1960–61 recession—a far longer period than the 30-month average for all 26 previous U.S. business expansions since records were established in 1854.

In March, steel output showed an advance each week, and by the end of the month reached its highest level, except for inventory-building periods, since February 1957. Auto production moved up sharply, from both a month ago and a year earlier. Total assemblies for the first 3 months of 1964 set a first-quarter record. Construction spending (seasonally adjusted) topped the prior peak of last November and was sharply above the rate of March 1963. Total employment (after seasonal allowances) remained unchanged from February, but the March total was 1.4 million higher than a year earlier. Unemployment declined about as usual for this time of year, and the seasonally adjusted rate held at February's 5.4 percent of the civilian labor force.

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

Business Activities

Industrial production in March set a record for the fifth consecutive month, as steel output and production of business equipment showed further expansion. The Index at 128.2 percent of the 1957–59 average compares with the revised February figure of 127.7 percent and 121.3 percent of March a year earlier. During the month, steel output totaled 10.4 million net tons, compared with 9.5 million in February and 10.1 million last

March when steel users were ordering extra steel as a strike hedge. Auto producers turned out 7 percent more cars than in February and production was 12 percent above a year earlier. The 723,100 cars produced in March, together with the assemblies in the 2 prior months, brought the first quarter total to 2.1 million cars—a record number for any first quarter.

If auto producers meet their current production schedule of 770,000 in April, the number of assemblies would be a record for the month, topping the 754,000 mark of April 1955 and well ahead of the 691,000 built in April 1963.

Construction expenditures rose more than seasonally in March, bringing the annual rate for that month to $67 billion (seasonally adjusted). This compares with $65.8 billion in February and the previous record rate of $66.1 billion of last November.

March outlays were estimated by the Bureau of the Census to have increased by 9 percent from the previous month and by 12 percent from a year earlier. Nearly three-fourths of the March spending was for private construction, which showed a 7-percent gain from February and a 13-percent increase over last March. Within this category, outlays on new nonfarm residential building were up by 12 percent from both the month-earlier and year-earlier levels. Public construction showed an over-the-month increase of 15 percent and an over-the-year rise of 11 percent.

According to preliminary reports of the Department of Commerce, *retail sales* (seasonally adjusted) slipped from February's record volume. Although sales advanced each week in March, the month's volume, at $21.1 billion, compares with the revised figure of $21.4 billion in the prior month. The March decline centered in durable goods; sales in this sector were down 4 percent to almost $6.9 billion (adjusted); in nondurables, the slightly less than $14.3 billion amount was virtually unchanged from February. Compared with a year ago, total sales this March were 4 percent higher.

For the first 3 months of 1964, retail sales were about 2 percent ahead of the previous quarter and 4 percent above January–March 1963.

Auto dealer sales of new American-made cars came close to 680,000 in March, compared with 588,100 in the previous month. The March selling pace of better than 26,000 deliveries a day erased the old March record set in 1955, when sales averaged 25,900 a day.

Consumer credit outstanding scored the largest February increase in 4 years, according to the Federal Reserve Board. The $579 million (seasonally adjusted) expansion of installment debt in February was up sharply from the revised January figure of $428 million and was nearly as much as the $583 million jump in September 1959. All major categories of consumer installment debt rose in February, with the sharpest seasonally adjusted increase in the "other consumer goods" sector, which includes appliances and furniture. Loans to buy automobiles grew by $237 million in February, compared with a $204 million advance in January. Personal loans increased by $144 million—in comparison with the previous month's gain of $163 million. Total extensions of installment credit in February rose to $5.4 billion (after seasonal adjustment) from $5.3 billion in January. Outstanding at the end of February was some $68.8 billion in all types of credit—about $725 million (seasonally adjusted) more than in the previous month.

The *Consumer Price Index* edged down by a 0.1 percentage point in February to 107.6 percent of the 1957–59 average. This was the first decline since December 1962. The small decrease was attributed to lower average gas utility rates as a result of refunds in some areas, lower average costs for gasoline in Los Angeles and Detroit, and lower used-car prices. These reductions more than offset higher costs for food, rents, and services.

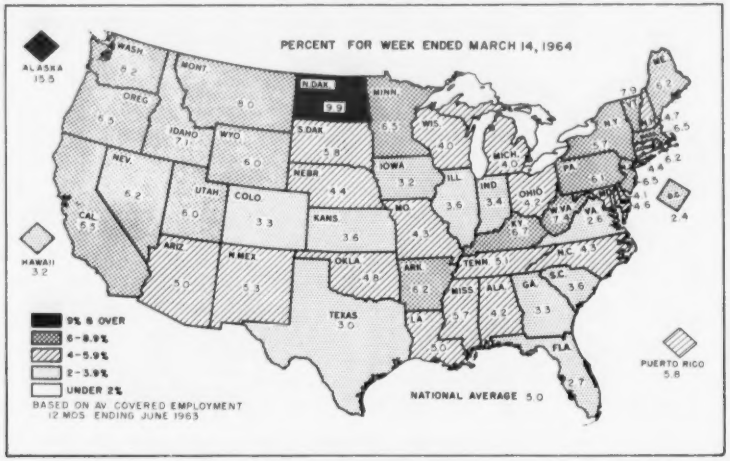
Employment

Employment showed a seasonal rise of about one-half million between February and March, bringing the total volume to 68.5 million. Nonfarm employment, at 64.5 million, showed a better-than-seasonal upswing, while the small increase in farm jobs was much less than usual for this time of year. The number of nonfarm workers on part-time jobs for economic reasons was unchanged at 2.1 million.

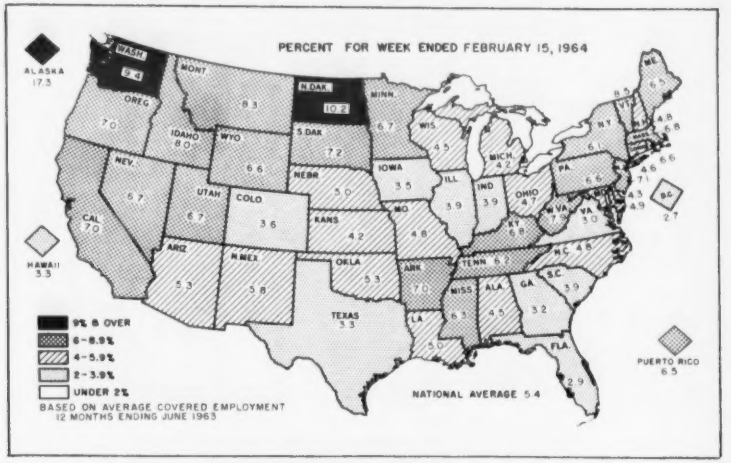
For the first quarter of 1964, employment was about 1.4 million higher than in the comparable quarter of 1963, with all of the gain in the nonfarm sector. About half of the rise reflected job gains in trade and services. Construction and manufacturing employment also showed sizable increases. In manufacturing, about two-thirds of the increase occurred in the metals, nonelectrical machinery, and transportation equipment industries. Farm employment declined by some 200,000 from

STATE INSURED UNEMPLOYMENT AS PERCENT OF AVERAGE COVERED EMPLOYMENT

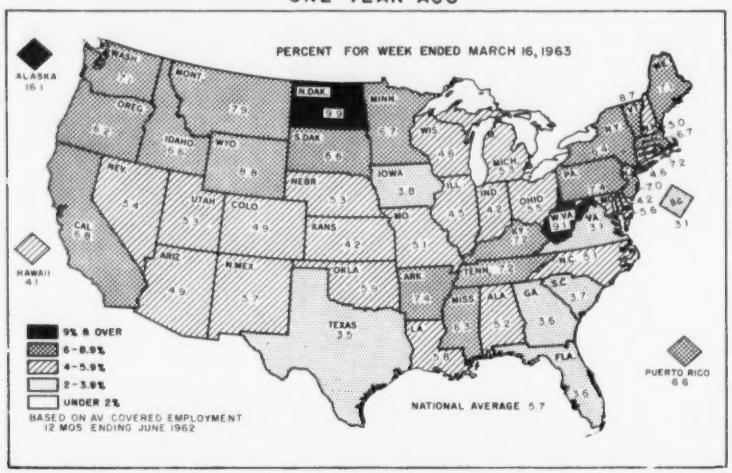
LATEST MONTH



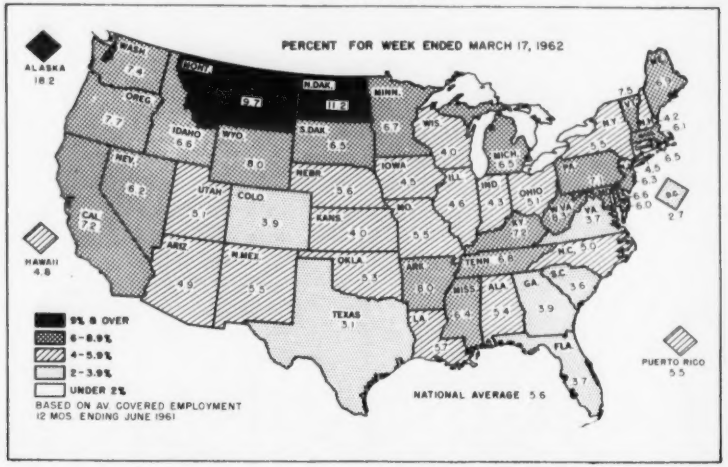
PREVIOUS MONTH



ONE YEAR AGO



TWO YEARS AGO



the first quarter of 1963—in line with long-term developments.

Unemployment

Total unemployment, at 4.3 million in March, was down by 200,000 from February, but the decline was just about usual for this time of year. As a result, the overall seasonally adjusted unemployment rate held at 5.4 percent.

Virtually all of the over-the-month decline was among adult men. Their seasonally adjusted unemployment rate moved down from 4.1 percent in February to 3.9 percent. The rate for adult women held at 5.6 percent, while that of teenagers rose to 14.4 percent from 13.8 percent.

Compared with a year earlier, the unemployment situation among adult men has shown significant improvement. Joblessness among this group has dropped by about 15 percent; in March 1963, the seasonally adjusted unemployment rate of adult men was 4.6 percent.

For adult women, the unemployment situation worsened over the year. This March, there were about 125,000 more unemployed women, and the seasonally adjusted unemployment rate of this group, at 5.6 percent, compares with 5.2 percent a year earlier.

The number of jobless teenagers in March totaled 824,000—about 20,000 above a year ago. However, the seasonally adjusted unemployment rate of this age group moved down to 14.4 percent from last March's 15.0 percent. This reflected the addition, during the year, of some 300,000 more youth in the civilian labor force.

The number of long-term jobless (those out of work 15 weeks or more) rose by nearly 14 percent from February to 1.3 million in March. This increase was about typical for this time of the year. Nearly half of the long-term unemployed had been jobseeking for more than 6 months—14 percent above the February number. Compared with a year earlier, long-term unemployment was down by nearly 65,000. This resulted entirely from a 100,000 decline in the number of jobless persons out of work for 6 or more months.

A pickup in construction and other outdoor work, along with increased activity in trade and services, helped to lower *insured unemployment* under State programs to 2.1 million in mid-March; in mid-February the total was nearly 2.3 million. The decline was more than seasonal, and, as a result, the seasonally adjusted level of insured unemployment in mid-March fell to 1.6 million from 1.7 million in the previous month.

All States, except Georgia and Louisiana where the increases were nominal, reported less insured joblessness than in February. The largest decline—19,500—was in California where sizable reductions occurred among jobless workers from the construction, public utilities, trade, and manufacturing industries (particularly food processing, lumber products, and electrical machinery). These declines more than offset increased insured unemployment among service workers.

New York showed an over-the-month drop of 18,100, of which 12,500 was among workers from nonmanufacturing industries. Less joblessness of construction workers accounted for about half of the nonfactory reduction. In manufacturing, the insured unemployment declines were widespread, with the largest reductions among former workers from textiles, chemicals, fabricated metals, and miscellaneous manufacturing.

An unemployment decline of 15,000 occurred in Pennsylvania, lowering that State's volume to 176,500. Four-fifths of the reduction was among workers from the construction industry. Insured unemployment from manufacturing showed no change from the previous month, while joblessness from trade and services edged down.

Ohio reported 10,400 fewer insured unemployed than in the previous month; and New Jersey a drop of 8,900. The reductions in both States reflected a pickup in trade and in construction activities. In addition, Ohio reported small declines among the factory jobless, particularly those from the primary metals, rubber products nonelectrical machinery, and stone-clay-glass industries.

The Nation's insured unemployment rate in mid-March (not seasonally adjusted) was 5.0 percent—down from 5.4 percent in February and 5.7 percent in March 1963. The highest rate was reported by Alaska—15.5 percent. Nineteen other States noted rates above 6 percent, including the large industrial States of California, Massachusetts, New Jersey, and Pennsylvania. The lowest rates (less than 3 percent) occurred in the District of Columbia, Florida, and Virginia.

A weekly average of 259,000 *initial claims* were filed under State programs in March; this compares with about 291,000 in February. The decline (11 percent) was just about seasonal. Volume was down by 5 percent from a year earlier, and was the lowest for the month since 1959.

Unemployment Insurance Activities*

In March, insured unemployment under State programs showed a better than seasonal decline, as the weekly average fell by 193,300 to 2,049,900. This was 11 percent below a year ago and was the lowest average for any March since 1957. Reduced unemployment among construction and other outdoor workers was the major factor in this month's decline. Increased activity in the food processing, trade, and service industries also contributed to the reduction. On a seasonally adjusted basis, insured joblessness moved down from 1.7 million in February to 1.6 million in March. A year ago the adjusted level was 1.8 million.

Under the two Federal programs, insured unemployment also declined during March. The average weekly number of jobless ex-servicemen (UCX program) fell by 4,900 to 67,400, while the number of unemployed Federal workers (UCFE program) was down by 2,900 to 37,500.

The national rate of insured joblessness in mid-March (not seasonally adjusted) was 5.0 percent, compared with 5.4 percent in mid-February and 5.7 percent a year ago. (On an adjusted basis, the rate moved down from 4.1 to 3.8 percent over the month.) In addition to Alaska, where the rate this March was 15.5 percent, six States had rates in excess of 7.0 percent—North Dakota (9.9), Washington (8.2), Montana (8.0), Vermont (7.9), West Virginia (7.4), and Idaho (7.1). In four of the larger States rates were above the national average—6.5 percent in California, Massachusetts, and New Jersey, and 6.1 percent in Pennsylvania. Rates were 4.0 percent or less in 14 States, including such large States as Illinois, Indiana, Michigan, Texas, and Wisconsin.

Initial Claims Decline Seasonally

In March, some 259,000 initial claims per week were filed under State programs, down 11 percent from February and 5 percent from a year earlier. The decline from February was about seasonal—resulting mainly from fewer claims filed by workers from trade and service, and from construction and other outdoor activities. Under the UCX program, initial claims averaged 6,400 per week, compared with 7,200 in February. Unemployed Federal workers filed an average of 2,500 per week in March—about 700 less than in the preceding month.

Insured Unemployment Down in All But Two States

All States except Georgia and Louisiana reported declines in insured unemployment between mid-February and mid-March. Most of the reductions were fairly small, but 5 States (all heavily industrialized) reported declines of more than 8,000. *California* had the largest reduction—19,500—bringing the State total down to 270,500. This seasonal drop resulted primarily from less unemployment among workers in construction and other outside activities and in the trade, food processing, and public utilities industries. At the same time, there was some increase in joblessness among service workers. The level of insured unemployment in the State was virtually unchanged from that of a year earlier.

In *New York*, insured joblessness totaled 289,400—down by 18,100, or 5 percent, from February. Most of the decrease occurred in nonmanufacturing industries, with one-third of the decline among construction workers. Less unemployment among workers from the trade and service industries accounted for another one-fourth of the drop. In manufacturing, the number of insured unemployed edged down in most industries, with the most sizable decline among jobless workers from textiles. Compared with a year earlier, insured unemployment was down by 32,600; the bulk of this reduction (about 27,000) occurred among workers from the printing and publishing, fabricated metals, construction, and trade industries.

An over-the-month decline of 15,000 in *Pennsylvania's* insured joblessness brought that State's total down to 176,500. About 12,000, or four-fifths, of the reduction was among construction workers. From March a year ago, insured unemployment was down by 37,800; three-fifths of the improvement was in the nonmanufacturing sector—mainly among construction, trade, service, and mining workers. Of a 15,600 reduction among the jobless from manufacturing, about two-thirds occurred among workers from the primary and fabricated metals industries.

*Prepared in the Office of Program Reports and Research, Administration and Management Service, Bureau of Employment Security.

Week ended—	Initial claims [1]		Insured unemployment [1]	
	1964	1963	1964	1963
Feb. 8	326, 400	375, 200	2, 246, 100	2, 569, 000
Feb. 15	282, 600	310, 900	2, 275, 800	2, 554, 800
Feb. 22	285, 900	291, 300	2, 242, 900	2, 537, 100
Feb. 29	269, 000	296, 800	2, 208, 300	2, 501, 900
Mar 7	271, 600	291, 300	2, 161, 500	2, 418, 400
Mar 14	265, 300	267, 900	2, 104, 900	2, 348, 100
Mar 21	248, 100	262, 700	2, 011, 800	2, 241, 500
Mar. 28	248, 600	260, 300	1, 977, 500	2, 142, 600
Apr. 4	264, 900	299, 700	1, 910, 000	2, 031, 900
Weekly averages				
February	291, 000	324, 500	2, 243, 300	2, 546, 100
March	259, 000	271, 800	[2] 2, 049, 900	2, 297, 900

[1] Refers to State programs. [2] Average through Mar. 31, 1964.

Insured unemployment volumes in *Ohio* and *New Jersey* moved down by 10,400 and 8,900, respectively—about normal for these 2 States at this time of year. Of the total reduction in these two States, more than one-half was due to less unemployment among workers from the construction and trade industries. From mid-March 1963 to mid-March 1964, insured joblessness in Ohio fell by 27,800, or 22 percent. Most of this decrease reflected job improvement in construction and trade, but there were also employment gains in the stone, clay, and glass, nonelectrical machinery, and transportation equipment industries.

Two States with only moderate over-the-month changes in insured unemployment had sizable reductions from March a year earlier. Slightly more than one-half of an over-the-year decrease of 23,200 in *Illinois* and about one-fourth of a 19,800 decline in *Michigan* reflected less unemployment among construction workers. Increased activity in the trade industries contributed to the decrease in both States. Michigan also noted lower insured unemployment among workers from transportation equipment manufacturing.

Claimant Exhaustions Rise in March

The number of persons exhausting their benefit rights under State programs rose by 13 percent in March to an estimated 141,300. This rise was in line with seasonal expectations. The March volume was about 8 percent less than a year earlier. Exhaustees this March accounted for about 10 percent of the 1.4 million claimants who stopped filing for benefits under the State programs during the month. Most of the remainder of the dropouts presumably were recalled to work, had found new jobs, or had left the labor market, while others were disqualified from the receipt of benefits.

Total Benefits Drop in February

Workers claiming benefits under all regular unemployment insurance programs (including the railroad program) received a total of $307.9 million in February—$37.7 million below the January amount and about $31.7 million less than the year-earlier figure. Benefits this February included $283.8 million under State programs, $8.8 million under the railroad program, and a total of $15.4 million under the UCX and UCFE programs.

During February, the average weekly benefit check for totally unemployed workers covered by State programs came to $36.24—17 cents more than in January and 54 cents above the year-ago payment. The average payment differed widely among the States, ranging from less than $25 in

Activity [1]	February 1964	Percent change from—		January–February cumulative (in thousands)	
	Number or amount	January 1964	February 1963	1964	1963
Initial claims [2]	1, 181, 100	−36. 1	−9. 7	3, 030	3, 411
Weeks claimed [2]	9, 227, 600	−14. 3	−11. 2	20, 061	22, 394
Insured unemployment (weekly average)	2, 243, 300	−6. 3	−11. 9	2, 324	2, 570
Beneficiaries (weekly average)	2, 015, 000	+. 9	−10. 7	2, 005	2, 212
Benefits paid [3]	$283, 809, 300	−11. 1	−9. 4	$600, 964	$653, 478
Claimant exhaustions	125, 400	−9. 6	−11. 9	264	304

[1] Data relate to State programs only.
[2] Includes agent State claims taken by the Virgin Islands; also includes data under Puerto Rican sugarcane program.
[3] Monthly data represent gross amounts; cumulative data represent net amount.

Mississippi, North Carolina, and Puerto Rico to more than $43 in California and Wisconsin.

Under State programs, about 7.5 percent of the February jobless received benefits for partial unemployment, compared with 9.6 percent in January. The proportion receiving weekly checks for partial unemployment ranged from 2.5 percent in Puerto Rico to 15.4 percent in Georgia and 18.7 percent in North Dakota. The average weekly benefit amount for the partially unemployed was $21.85, compared to $21.53 in the previous month and $21.58 in February 1963.

Research in UI Coverage

(Continued from page 27)

cut, the obsolescence or discontinuance of certain government functions, and the spread of automation. The absence of a civil service merit system in certain jurisdictions is another source of job insecurity.

Unemployment insurance is in effect under State and local legislation for at least some State and local government employees in 25 States. Coverage is elective in most, and mandatory in some of these 25 States, for both State and local government employees. In 1962, only about 400,000 of the 6.8 million State and local government employees were covered.

It is recognized that, under the Federal Constitution, the Federal Government cannot tax State and local governments or their instrumentalities. Coverage of the employees of State and local governments, therefore, has been considered the responsibility of the individual States. The Bureau of Employment Security, in its monograph *Extension of Coverage Under State UI Laws: Employees of State and Local Governments*, includes a comprehensive study outline designed for the use of States in obtaining the necessary data to determine the feasibility of extending coverage to this worker group.

Domestic Workers

There is little doubt about the need of unemployment insurance coverage for domestic workers. Anticipated administrative difficulties rather than a lack of need led to the exclusion in the Federal law and almost all the State laws of domestic workers in private homes.

Two States cover domestic servants: New York covers those in private households which employ at least four such workers at any time; Hawaii covers those households where the cash remuneration to domestic workers is $225 in a given quarter. Their combined average monthly coverage in 1962 was 13,000. Studies from the New York experience indicate that the average duration of benefits is nearly the same for its covered domestic as for all covered workers, while the average weekly benefit amount is lower.

There have been no extensive studies of the feasibility of extending coverage to this group, but a study method could be patterned after some of the previously discussed agricultural worker studies.

As in all aspects of unemployment insurance, research on coverage must be conducted by the States to obtain the necessary information upon which to base intelligent decisions. More intensified research should be directed to agricultural and domestic workers, State and local government employees, and to workers in private non-profit organizations. Results of such studies will furnish objective information leading to the proper resolution of existing problems.

Selected Unemployment Insurance Statistics, State Programs, February 1964

State	Initial claims received 1/ 2/	Weeks claimed 2/	Number of insured unemployed (weekly average) 3/	Number of beneficiaries (weekly average) 3/	Average weekly payments for total unemployment	Number of final payments 4/	Benefits paid 5/	12 months ending February 29: (in thousands) Benefits paid 6/	12 months ending February 29: (in thousands) Collections and interest	Funds available February 29, 1964 7/ (in thousands)
Total, 52 States	8/1,181,134	8/9,227,567	8/2,243,284	2,015,024	$36.24	125,391	$283,809,333	$272,154	$324,099	$642,351 8
Alabama	12,998	99,396	24,670	20,672	25.99	1,758	2,106,931	2,686	3,883	6,979
Alaska	2,101	24,775	5,619	5,530	39.13	220	834,991	6,196	7,895	10/ 7,648
Arizona	9,153	53,342	13,642	10,428	32.17	622	1,328,863	1,233	1,486	6,501
Arkansas	8,399	84,069	20,536	15,727	26.28	952	1,597,622	1,265	1,305	28,303
California	166,214	1,119,438	279,174	244,680	43.54	18,363	4,203,536 4	488,916	510,657	619,104
Colorado	9,114	50,241	12,860	10,095	42.59	568	1,663,565	18,114	17,203	48,840
Connecticut	17,348	147,868	36,913	34,497	39.89	1,951	5,422,601	46,955	55,289	164,125
Delaware	2,591	22,697	5,502	6,433	36.10	401	974,893	7,224	10,738	15,612
Dist. of Col.	3,458	32,223	7,968	7,553	38.65	361	1,160,716	10,958	9,442	62,563
Florida	18,222	109,481	27,347	14,629	28.05	1,636	1,593,062	28,053	44,946	138,484
Georgia	14,910	103,781	25,917	20,152	28.11	2,303	2,093,624	22,076	35,776	156,933
Hawaii	2,683	24,665	5,962	5,228	38.38	323	752,584	10,217	8,550	15,358
Idaho	4,106	41,936	10,292	8,688	39.50	804	1,320,832	2/ 8,991	9,227	25,629
Illinois	60,208	415,381	103,574	93,033	39.30	7,218	14,347,696	2/ 141,738	181,863	411,696
Indiana	28,361	194,972	43,360	39,028	31.60	2,986	4,787,608	37,666	48,256	145,193
Iowa	6,576	62,723	15,606	13,108	31.15	780	1,573,883	11,092	14,029	106,164
Kansas	6,941	61,154	14,828	14,649	37.75	822	2,167,937	16,991	15,046	58,340
Kentucky	12,794	126,177	31,320	23,855	33.71	1,180	3,070,685	24,642	31,070	104,440
Louisiana	13,990	104,910	26,619	21,601	30.58	1,555	2,554,771	28,825	34,833	102,038
Maine	5,332	50,834	12,432	11,292	25.75	1,156	1,114,335	10,753	12,523	25,975
Maryland	18,971	157,288	35,383	34,185	32.74	1,274	4,347,804	37,629	67,510	119,654
Massachusetts	46,926	424,839	105,218	98,567	40.60	5,992	15,223,189	138,959	129,105	174,604
Michigan	47,391	329,027	75,149	69,307	37.71	5,045	10,295,232	87,155	194,911	10/ 305,247
Minnesota	15,058	197,311	49,682	43,877	30.60	1,780	5,288,667	38,329	33,042	24,364
Mississippi	8,820	73,718	18,208	15,601	24.89	1,013	1,516,322	12,667	19,700	40,074
Missouri	25,939	187,387	46,457	39,936	33.86	1,993	4,611,186	40,344	49,172	202,876
Montana	4,421	41,875	9,373	8,581	31.46	452	1,081,236	6,936	5,933	19,985
Nebraska	4,327	48,494	11,212	10,866	34.30	490	1,464,425	9,123	10,064	39,304
Nevada	4,689	29,206	7,272	6,947	39.51	375	1,076,450	7,910	12,846	25,620
New Hampshire	3,976	30,993	7,722	6,838	31.89	356	834,583	8,266	7,821	23,655
New Jersey	49,338	456,363	111,230	111,129	40.43	7,707	17,756,032	161,573	143,359	276,503
New Mexico	5,074	36,284	9,167	7,911	29.82	269	927,326	8,322	7,528	34,767
New York	169,224	1,234,018	303,997	294,566	39.23	12,137	44,231,714	442,285	535,213	1,117,595
North Carolina	39,631	208,598	46,536	42,361	22.65	2,186	3,716,379	38,111	49,830	199,456
North Dakota	2,027	33,159	7,287	6,542	37.29	129	975,088	4,896	5,375	6,653
Ohio	48,064	450,403	110,548	99,091	40.49	3,634	15,743,551	142,339	155,449	107,813
Oklahoma	9,596	80,230	19,681	16,592	26.54	1,229	1,729,424	17,317	22,106	39,579
Oregon	15,223	116,084	27,864	24,344	35.68	994	3,406,969	25,133	41,467	70,486
Pennsylvania	98,404	766,636	188,447	174,374	32.95	7,468	21,902,862	224,935	268,109	10/ 134,953
Puerto Rico	8/ 8,600	8/ 87,377	8/ 17,254	10,532	14.23	2,094	612,952	11,321	18,215	48,324
Rhode Island	10,069	66,375	16,200	14,846	32.50	949	1,861,944	17,100	21,124	40,087
South Carolina	10,897	73,340	17,634	15,160	26.99	1,597	1,598,884	15,820	20,603	80,047
South Dakota	1,456	21,232	5,337	4,643	31.68	241	571,745	3,647	3,039	14,961
Tennessee	16,933	167,186	41,186	34,474	27.23	1,865	3,643,735	30,496	39,100	72,555
Texas	37,398	273,132	60,996	51,354	29.83	6,156	6,030,940	64,753	57,569	224,732
Utah	4,861	52,476	12,933	10,930	37.81	584	1,625,816	10,789	12,453	38,248
Vermont	2,349	25,761	6,454	5,917	34.28	227	900,641	9/ 6,475	4,138	6,789
Virginia	11,075	88,557	21,926	18,191	27.95	1,317	1,973,591	14,272	30,992	123,964
Washington	28,110	242,604	58,275	56,940	33.48	6,420	7,541,247	59,856	59,378	191,397
West Virginia	9,705	96,697	24,199	21,041	25.07	797	2,050,198	16,434	30,458	57,425
Wisconsin	16,244	183,455	41,512	37,114	34.35	11/ 2,523	6,298,968	46,973	47,657	188,261
Wyoming	1,754	18,281	4,313	2,995	39.81	119	458,670	4,836	5,676	4,913

1/ Excludes transitional claims. 2/ Total includes claims taken as agent State by Virgin Islands.

3/ Weekly data are adjusted for split weeks in the month on the basis of a 5-day workweek.

4/ A final payment is the payment for the last week of compensable unemployment in a benefit year, and indicates the exhaustion of benefit rights by a claimant for that benefit year. Because of the time lapse between the actual week in which the unemployment occurs and the date on which final payment is made the monthly total includes some claimants who exhausted their rights in the preceding month but will not receive their final payment in the reported month, and excludes some claimants who exhausted their rights in the reported month but will not receive their final payments until the succeeding month. Workers who exhaust their rights may be entitled to additional benefits when the following benefit year begins. The number of exhaustions is not indicative of the number who are still unemployed as some will have obtained employment and others may have withdrawn from the labor force.

5/ Unadjusted for voided benefit checks and transfers under interstate combined-wage plan. Includes $417,421 in payments under extended duration provisions of State laws in three States: California, $278,147; Puerto Rico, $18,770; and Vermont, $120,504.

6/ Adjusted for voided benefit checks and transfers under interstate combined-wage plan.

7/ Includes amount credited to States' accounts in the unemployment trust fund, less withdrawals by the States, under the provisions of the Employment Security Administrative Financing Act of 1954.

8/ Includes data under the program for Puerto Rican sugarcane workers. January 1964 data previously published excluded 600 initial claims and 55,052 weeks claimed for such workers. 9/ Includes payments made under State temporary extended benefit provisions.

10/ Funds available reflect an advance from Federal account in Unemployment Insurance Trust Fund to: Alaska, $2,630,000 in January 1957, $2,635,000 in February 1958, $3,000,000 in July 1958, and $500,000 in January 1960; Michigan $113,000 in September 1958; Pennsylvania $96,440,000 in April 1959, $1,504,000 in May 1960, $4,056,000 in July 1960, $7,400,000 in March 1961, $1,800,000 in May 1961, and $800,000 in August 1961.

11/ Represents data on a "per employer" basis and is not strictly comparable.

Selected Data on Unemployment Compensation for Federal Civilian Employees and Ex-Servicemen, 1/ February 1964

Program	Initial claims received	Weeks claimed	Number of insured unemployed (weekly average)	Number of beneficiaries (weekly average)	Average weekly payments for total unemployment	Number of final payments	Benefits paid
Total, Federal programs	42,524	459,953	112,780	110,249	-------	7,247	$15,663,123*
UCFE program 1/	13,279	164,115	40,427	39,259	2/ $36.65	(3/)	5,767,737
UCX program 1/	29,245	295,838	72,353	70,990	2/ 33.74	(3/)	9,586,426

1/ The programs for Federal civilian employees (UCFE) and for ex-servicemen (UCX), established under title XV of the Social Security Act, became effective January 1, 1955 and October 27, 1958, respectively. UCFE excludes data for persons filing to supplement benefits under State programs, and UCX data exclude information on claims filed jointly with other programs. 2/ Based on all unemployment. 3/ Data cannot be shown separately.

* Includes total amount paid from title XV funds. Includes $19,011 in payments under extended duration provisions of title XV in two States: California, $15,037; Vermont, $3,974. The amounts shown under the separate programs will not add to total due to the exclusion of payments made jointly with State programs.

Income-Maintenance Program Operations

All Programs

	1964		1963	
	February	January	February	January
Total Public Income-Maintenance Payments (millions)	$2,977	$3,004	$2,855	$2,885
Old-age, survivors, and disability insurance	1,326	1,312	1,254	1,243
Railroad and public employee retirement	1/425	1/420	1/387	1/387
Unemployment insurance, temporary disability insurance, workmen's compensation, training benefits (ARA and MDTA)	2/490	2/534	2/508	2/593
Veterans' compensation and pension programs	321	331	315	320
Public assistance	415	407	390	391
Old-Age, Survivors, and Disability Insurance				
Total beneficiaries (thousands)	19,205	19,144	18,242	18,171
Retired workers	10,354	10,326	9,847	9,797
Survivors and dependents	8,015	7,988	7,640	7,625
Disabled workers	835	829	755	750
Total monthly benefits (millions)	3/$1,275	3/$1,269	3/$1,198	3/$1,191
Retired workers	799	795	753	747
Survivors and dependents	401	399	377	376
Disabled workers	76	75	68	68
Public Assistance				
Total recipients (thousands)	8,006	7,937	7,868	7,790
Federally aided programs	7,074	6,986	6,835	6,788
Aid to families with dependent children	3,097	3,042	2,963	2,927
Total recipients	4,140	4,059	3,960	3,911
Old-age assistance	2,189	2,190	2,217	2,221
Other federally aided programs	745	737	658	656
General assistance: Cases	373	376	389	384
Persons	932	951	1,033	1,002
Total payments (millions)	4/$415	4/$407	4/$390	4/$391
Federally aided programs	381	373	354	356
General assistance	25	26	26	26

Operations Under Area Redevelopment and Manpower Development and Training Acts

	Total		ARA		MDTA	
	March 1964	February 1964	March 1964	February 1964	March 1964	February 1964
Total paid trainees	25,892	24,842	2,683	2,682	23,209	22,160
Youths	3,690	3,225	NA	NA	3,690	3,225
Total net benefits	$3,267,083	$2,994,503	$254,132	$236,326	$3,012,951	$2,758,177
Training allowances	2,487,573	2,300,138	254,132	236,326	2,233,441	2,063,812
Youth allowances	201,236	183,471	NA	NA	201,236	183,471
Subsistence allowances	454,159	405,734	NA	NA	454,159	405,734
Transportation allowances	124,115	105,160	NA	NA	124,115	105,160

Temporary Disability Insurance Activities Under State and Railroad Programs

	First claims received		Weeks compensated		Benefits paid		Benefits paid	
	March 1964	February 1964	March 1964	February 1964	March 1964	February 1964	March 1963	February 1963
California								
State plan								
Basic benefits	51,849	46,818	302,747	258,229	$15,889,774	$13,503,201	$13,369,748	$11,223,244
Additional hospital benefits	5/31,512	5/28,255	6/228,014	6/205,078	2,736,168	2,460,936	2,650,992	2,251,524
Private plan	3,404	2,683	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)
New Jersey								
State plan	7,855	7,131	54,821	53,215	2,072,143	2,021,889	1,928,275	1,629,590
Private plan	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)
New York	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)	(7/)
Rhode Island	2,974	2,691	27,404	24,898	923,665	836,146	926,695	791,227
Railroad								
Sickness	10,361	9,683	8/104,012	9/98,406	3,297,914	3,174,952	3,726,913	3,767,221
Maternity	168	206	8/2,544	9/2,250	179,022	161,165	182,313	175,414

1/ Data not comparable with earlier reports. Effective January 1964, Federal noncontributory and State and local retirement systems previously included with the data for unemployment insurance, temporary disability insurance, and workmen's compensation are included with railroad and public employees retirement systems (revised figures also shown for January and February 1963).

2/ Data for temporary disability insurance and workmen's compensation include estimated payments made by private insurers and self-insurers in accordance with law.

3/ Current payment status, excludes lump sum and retroactive payments and adjustments for over and under payments.

4/ Total payments exceeds sum of items because of inclusion of vendor payments, not shown in detail.

5/ Represents the number of payments made.

6/ Days for which additional hospital benefits were paid.

7/ Data not available.

8/ Estimated from data "benefit periods" compensated which number 52,066 for sickness and 1,272 for maternity.

9/ Estimated from data "benefit periods" compensated which number 49,203 for sickness and 1,125 for maternity.

NA--Not applicable.

U.S. GOVERNMENT PRINTING OFFICE : 1964 O - 730-477

UNIR DEC
UNIVERSITY MICROFILMS
ATTN STEVENS RICE
313 NORTH 1ST ST
ANN ARBOR MICH

UN
GOVERNMENT PRINTING OFFICE
DIVISION OF PUBLIC DOCUMENTS
WASHINGTON, D.C. 20402

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, $300
(GPO)